EXHIBIT 5

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

PATRICK BRADY, *et al.*, Plaintiff, v. AIR LINE PILOTS ASSOCIATION INTERNATIONAL, Defendant.	Civil Action No. 02-2917 (JEI)

EXPERT REPORT OF JAMES S. FELTMAN, CPA

SENIOR MANAGING DIRECTOR, MESIROW FINANCIAL CONSULTING, LLC

March 15, 2013

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I. INTRODUCTION

A. RETENTION AND SCOPE

I have been retained by Paul, Weiss, Rifkind, Wharton & Garrison, LLP to analyze the financial condition of Trans World Airlines, Inc. ("TWA" or the "Company") at the time of its third bankruptcy filing and acquisition by AMR Corporation (or its designee, "American"), and to assess the viability of TWA as a stand-alone, going-concern airline. My analysis responds to Plaintiffs' experts' assumptions and opinions regarding TWA's financial viability and the pre-merger career expectations and long-term job security of its pilots. My findings are included herein (the "Report"). I reserve the right to supplement, modify, or amend this Report and my testimony as necessary to address any relevant information that may become available to me after the date of this Report.

B. QUALIFICATIONS

I am a Senior Managing Director at Mesirow Financial Consulting, LLC ("MFC"), a leading provider of financial advisory services and a wholly owned subsidiary of Mesirow Financial Holdings, Inc. ("Mesirow Financial"). On September 16, 2004, Mesirow Financial acquired the U.S. Corporate Recovery practice of KPMG LLP ("KPMG") and renamed the practice Mesirow Financial Consulting, LLC. At the time of the acquisition, I was a Partner at KPMG, one of the world's largest accounting and consulting firms. Prior to joining KPMG, I was a Partner at Arthur Andersen LLP, for approximately ten years.

Since 1988, I have served continuously as a Bankruptcy Examiner, a Chapter 11 Trustee or a Liquidating Trustee. As a court appointed examiner, I carried out duties prescribed to me by the Bankruptcy Court, including conducting examinations into failed companies on more than a dozen occasions. From approximately 1992 to 2004, I served as a Chapter 7 Panel Trustee in the

Southern District of Florida in over 15,000 cases. In this government appointed role (by the United States Department of Justice), my work included examining business failures.

I am a Certified Public Accountant (CPA) and a Certified Fraud Examiner (CFE), and I am certified in financial forensics (CFF). I have over 30 years of experience in, among other things, financial analysis, valuations and damages analysis, corporate restructuring matters, accounting, auditing, and forensic investigations. I have testified and been qualified as an expert in numerous trials, depositions and evidentiary matters in various state and federal courts in a range of financial and investigatory matters.

I have extensive experience in the airline industry in a variety of roles over nearly 20 years. Selected engagements include major global passenger carriers, including AMR Corporation, Delta Air Lines, Inc., UAL Corporation and the world's largest 747 cargo operator, Atlas Air Worldwide Holdings Inc., among others. Information on these engagements, as well as my additional airline industry experience, is set forth in my Curriculum Vitae, which is attached hereto, and incorporated herein by reference, as Exhibit 1.

C. FEES

MFC is being compensated in connection with the preparation of this Report and any testimony I may provide in this matter at my usual rate of $950 per hour. Compensation to MFC is not contingent in any way upon the outcome of this case.

D. DOCUMENTS CONSIDERED

In the course of my analysis, I reviewed documents from a variety of sources, including publicly available information, pleadings and other papers filed with the Bankruptcy Court related to TWA's Chapter 11 proceedings, and documents and testimony produced or made

available to me in the course of this case. A listing of documents considered is presented in Exhibit 2.

E. PRINCIPAL OPINIONS AND CONCLUSIONS

In their expert reports and deposition testimony, Plaintiffs' experts Rikk Salamat and Henry Farber have expressed certain opinions and made certain assumptions regarding the financial condition of TWA around the time of its acquisition by American. Specifically, although Mr. Salamat testified that an airline's "financial health" and "whether it was in or out of bankruptcy" are significant factors in a pilot's pre-transaction career expectations, he repeatedly distinguishes between TWA and other airline carriers in significant financial distress.[1] Dr. Farber's report is based on his analysis of arbitration decisions from "comparable" airline transactions "in which the acquired airline, *like TWA*, was in financial difficulties but still flying at the time the deal was struck."[2] Dr. Farber further opined that "TWA was in a weakened financial state" but "the adverse effect of TWA's financial position would be mitigated by the fact that TWA was still flying."[3] According to Dr. Farber, "bankruptcy is clearly not an indicator that an airline is going to cease flying" because the only clear indicator that an airline will cease flying is if you "[s]how up at the airport and the plane didn't take off."[4]

These opinions are crucial to the conclusions these experts have drawn concerning damages and the outcome of a seniority integration under the hypothetical conditions presented in their reports. Mr. Salamat, in constructing his "but-for" seniority list and damages model, determined that TWA's financial condition was not comparable to airlines that have liquidated.[5]

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[1] Deposition of Rikk Salamat ("Salamat Deposition"), dated January 29, 2013 at 86:24-87:01, and Expert Report of Rikk Salamat, dated October 12, 2012 ("Salamat Report") at 24 and 27.
[2] Expert Report of Henry Farber, dated October 12, 2012 ("Farber Report") at 5 (emphasis added).
[3] Farber Report at 19.
[4] Deposition of Henry Farber ("Farber Deposition"), dated January 23, 2013 at 43:15-44:21.
[5] Salamat Report at 24 and 27.

In addition, Mr. Salamat testified that the financial condition of the airlines involved in a transaction is "most relevant in how [the arbitration awards Mr. Salamat used to construct his "but-for" seniority list] are fashioned," and that his damages model took into account the TWA pilots' pre-transaction career expectations based on TWA's financial condition.[6] Dr. Farber, in turn, testified that if the American transaction was TWA's only alternative to liquidation, it would affect his analysis because he "would have had to select [his] comparable[] [arbitrations] differently"—resulting in a different "but-for" seniority list.[7] Neither of Plaintiffs' experts, however, conducted a detailed analysis of TWA's financial condition or competitive prospects during the relevant period.[8]

I have conducted such an analysis, as described below, and on the basis of this analysis I conclude that Mr. Salamat and Dr. Farber are incorrect in assuming that TWA was a financially viable airline that had the wherewithal to survive as a going concern at the time of its acquisition by American. To the contrary, my principal opinions and conclusions are that:

> TWA's economic resources were inadequate to self-fund critical elements of its going-concern operations. As a result, TWA's only remaining strategic options were to sell its remaining assets or liquidate.
>
> TWA's cash position and near-term liquidity were insufficient to meet its operational requirements. TWA's access to short-term borrowing was significantly constrained; the transaction with American was the only alternative for TWA to quickly access cash and to avoid liquidation.
>
> TWA was insolvent on December 31, 2000, March 31, 2001 and June 30, 2001.[9]
>
> TWA's business model was uncompetitive relative to the industry in which it operated. TWA's business model had significant structural

[6] Salamat Deposition, dated January 31, 2013, at 8:13-18 and 94:09-95:04.
[7] Farber Deposition, dated January 22, 2013 at 139:3-8.
[8] Salamat Deposition, dated January 29, 2013 at 50:21-51:07; Salamat Deposition, dated January 31, 2013, at 95:14-16; Farber Deposition, dated January 22, 2013 at 79:05-84:15.
[9] December 31, 2000, March 31, 2001 and June 30, 2001 ("Valuation Dates") were selected as valuation dates as these quarter-end dates encompass the time periods prior, during and subsequent to the announcement and closing of the transaction.

deficiencies such that its competitive position among its peer group (major carriers) would not have permitted an organic self-funded solution.

F. HISTORY OF TWA'S FINANCIAL DIFFICULTIES

By early January 2001, TWA was in severe financial distress and at the brink of liquidation. Its dire financial condition was the continuation of a long history of financial challenges. I review that history briefly here, because I believe it is important to have a complete understanding of the predicament in which TWA and its pilots found themselves at the time of the American transaction.

As of January 2001, TWA had not earned a profit in the past decade.[10] As TWA CEO William Compton explained, "TWA has not worked as a stand alone [company] . . . for three decades . . . If you go back over the last 30 years, this company has only generated an operating profit perhaps a handful of times, with 20 different CEOs."[11] In 1992, and again in 1995, TWA filed for Chapter 11 bankruptcy, each time emerging as a smaller carrier. While TWA was able to reduce and restructure its outstanding indebtedness to some degree through two prior Chapter 11 filings, the viability of TWA was contingent upon its ability to generate revenues, control costs and attract new capital. These factors were of particular significance to TWA, as it had fewer internal financial resources and less access to external capital than most of its major competitors.[12] Unable to generate sufficient revenues to cover its rising costs, and with constrained access to outside capital, TWA once again filed for bankruptcy protection—its third bankruptcy filing—in 2001.

During and immediately prior to its third bankruptcy, TWA's liquidity situation was more dire than at the time of each of its previous two bankruptcies. By January 2001 there was

[10] Affidavit of Michael Palumbo in support of First Day Motions at 13, ¶32 ("Palumbo Affadavit"); In re: TRANS WORLD AIRLINES, INC., et al., March 9, 2001 Testimony of Scott Schwartz at 149:19.
[11] In re: TRANS WORLD AIRLINES, INC., et al., March 10, 2001 Testimony of William Compton ("2001 Compton Transcript") at 464:20.
[12] Palumbo Affidavit at 11, ¶26.

grave doubt as to whether TWA could finance another bankruptcy.[13] At the time of its third filing, the general sentiment in the market was that this bankruptcy filing for TWA would not be a reorganization, but rather a liquidation.[14] In an attempt to avoid liquidation, TWA and American engaged in negotiations whereby American would provide TWA debtor-in-possession ("DIP") financing to fund TWA's immediate liquidity needs, and American would purchase substantially all of TWA's assets and offer employment to substantially all of TWA's labor-represented employees. As further explained below, the transaction with American was TWA's only viable alternative to liquidation.[15]

[13] Deposition of William Compton, dated January 18, 2013 ("Compton Deposition") at 106:7-106:19.
[14] IN RE: TRANS WORLD AIRLINES INC., et. al., Proceeding Transcripts of Michael Palumbo, dated January 27, 2001 ("2001 Palumbo Transcript") at 27:21-28:13.
[15] Deposition of Michael Palumbo, dated January 21, 2013 ("Palumbo Deposition") at 128:25-130:1; Compton Deposition at 45:25-46:14.

II. FINANCIAL CONDITION OF TWA

The first step in my analysis involved assessing the financial condition of TWA. Plaintiffs' experts assumed that TWA was a financially viable airline. That assumption informed their views of the pre-transaction career expectations, long-term job security, and proper seniority placement of the TWA pilots, because there is a high degree of correlation between the TWA pilots' career expectations and the financial viability and value of TWA.[16] Plaintiffs' experts recognized the relationship between these factors but made no attempt to perform any independent analysis as to the financial condition of TWA,[17] and admittedly were not qualified to perform such analysis.[18] Dr. Farber testified that to determine whether TWA was likely to cease flying, he would need to "look at their financial situation…[including] what their cash flow looked like, …their revenues, fixed expenses, and…projections…for passengers."[19] I have performed such analysis, as described below.

Based on my analysis, as further discussed below, it is my opinion that TWA's financial condition and its ability to meet its financial obligations were significantly impaired as a result of the Company's:

- Insufficient revenue generating capabilities, including the adverse effects on yield resulting from competition with Southwest Airlines Co. ("Southwest Airlines") and the Karabu Corporation ("Karabu") discounted ticket arrangement between TWA and Carl Icahn;
- High operating costs, including fuel, aircraft rent and labor expenses;
- Poor financial performance; and
- Inadequate capital resources.

[16] *See* Farber Deposition at 75:7-75:14, 83:6-83:12, 124:4-124:8, 135:11-135:22, 154:14-154:17, 214:22-214:23 and 112:18-112:21; Salamat Deposition 91:1-91:7 and 94:22-95:1.
[17] Farber Deposition at 79:5-81:1 and 124:9-124:18; Salamat Deposition at 87:9-87:14.
[18] Farber Deposition at 84:12-84:15; Salamat Deposition at 87:15-87:19.
[19] Farber Deposition at 135:19-135:23.

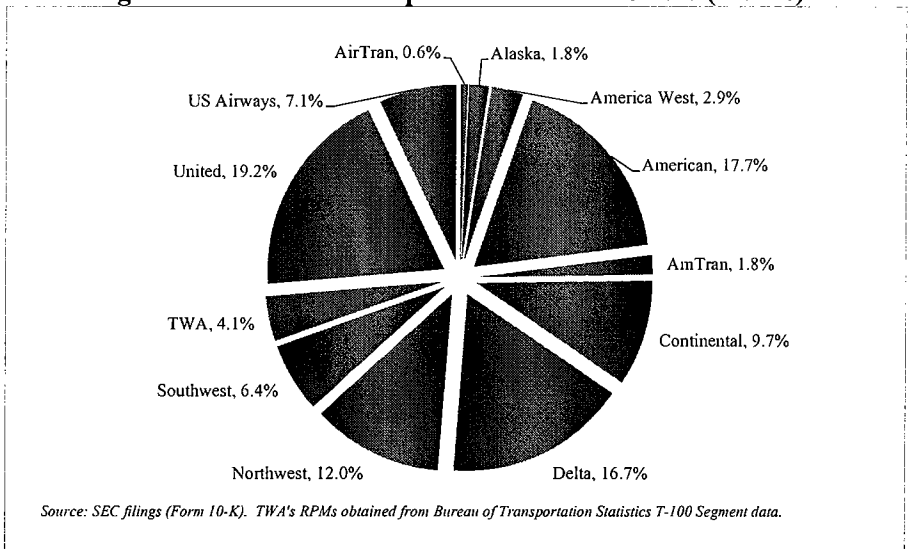
These factors directly impaired TWA's ability to maintain adequate liquidity to fund its operations and to meet its financial obligations.

A. INSUFFICIENT REVENUE GENERATING CAPABILITIES

1. Traffic

The two primary components to revenue generation in the airline industry are traffic and yield. Traffic is the starting point in analyzing TWA's revenue, and can be measured in terms of revenue passenger miles ("RPMs"). RPMs equal the total number of paying passengers times the distance flown. When analyzing TWA, it is useful to compare its RPMs to those of the other major carriers, to determine the Company's revenue generating capabilities relative to its peers. This analysis is also called a market share analysis. As displayed in Figure 1 below, relative to the other major carriers, TWA was a much smaller airline. This posed a significant competitive challenge for TWA, as it was a smaller player among larger competitors in a consolidating industry.[20] Figure 1 below details TWA's market share compared to the other major carriers as of 2000.

Figure 1 : TWA's Comparative Market Share (RPMs)

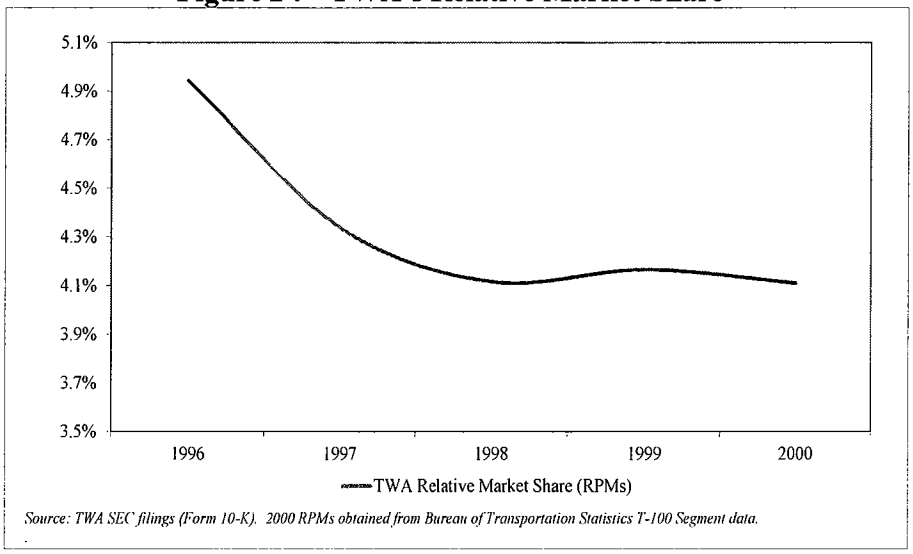


Source: SEC filings (Form 10-K). TWA's RPMs obtained from Bureau of Transportation Statistics T-100 Segment data.

[20] Deposition of David Resnick, dated January 16, 2013 ("Resnick Deposition") at 18:22-19:2.

Changes in TWA's RPMs, relative to the other major carriers,[21] may be examined to determine whether the Company was gaining or losing market share.[22] The data shows that since emerging from bankruptcy in 1995, TWA continued to lose market share relative to the other major carriers until approximately 1998, when TWA's market share stabilized at approximately 4.1%. The loss of market share was due in part to TWA retiring older widebody aircraft and eliminating unprofitable routes from its network in 1997 and 1998.[23] Due to competitive implications (discussed in greater detail below), TWA was unable to profitability recapture the market share it lost by increasing traffic (RPMs). Figure 2 below details the decline in TWA's market share, as a percentage of the total market share of the other major carriers.

Figure 2 : TWA's Relative Market Share



Source: TWA SEC filings (Form 10-K). 2000 RPMs obtained from Bureau of Transportation Statistics T-100 Segment data.

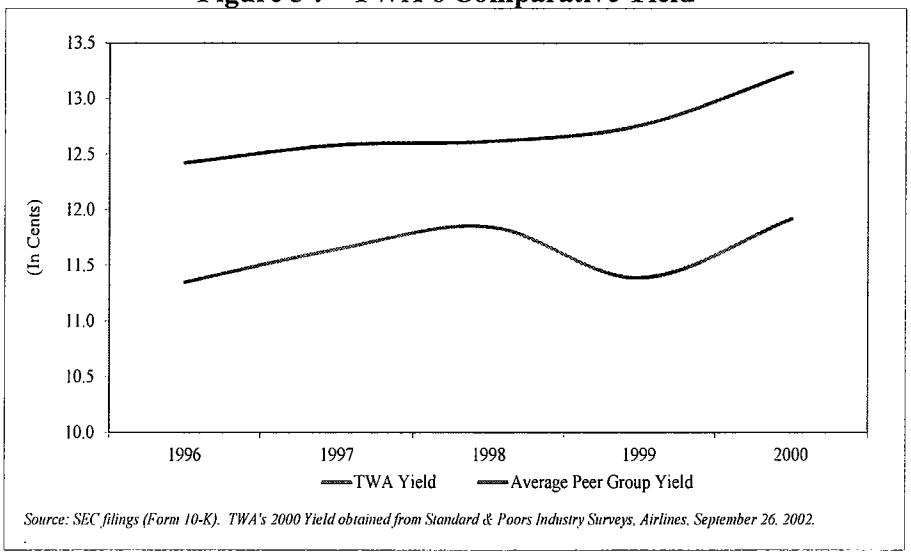
2. Yield

TWA's traffic performance must be viewed in conjunction with its yield, which historically was lower than that of the other major carriers. Yield is a function of passenger

[21] TWA's relative market share computed by dividing TWA's RPMs by the total RPMs of the other major carriers (including TWA).
[22] Standard & Poor's Industry Surveys: *Airlines* (July 20, 2000), at 24.
[23] Trans World Airlines, Inc., Annual Report (Form 10-K) (December 31, 1998), at 38.

revenue generated divided by RPMs, and measures the average level of fares at which an airline is selling product.[24] A carrier's influence over its yield is dependent on the price elasticity of demand for the products it is offering, as well as the level of competition in the markets it serves. TWA's yield was constrained, in part, due to the adverse effects of a discounted ticket program between the Company and Karabu, along with the downward pricing pressure imposed by Southwest Airlines at TWA's hub, Lambert St. Louis International Airport ("STL") (both of which are addressed in greater detail in Section III below). Furthermore, TWA had trouble getting passengers to pay a premium fare for its seats (attracting business travelers), especially in its domestic system.[25] This was largely attributable to the weakness in TWA's network structure (also addressed in greater detail in Section III below). Due to these factors, as displayed in Figure 3 below, TWA's yield was much lower than the average yield of the other major carriers.

Figure 3 : TWA's Comparative Yield



Source: SEC filings (Form 10-K). TWA's 2000 Yield obtained from Standard & Poors Industry Surveys, Airlines, September 26, 2002.

The decline in TWA's yield from 1998 to 1999 resulted from a diversion of higher yielding business passengers due to uncertainty surrounding the outcome of labor negotiations

[24] Standard & Poor's Industry Surveys: *Airlines* (July 20, 2000), at 24-25.
[25] CIBC Oppenhiemer, Equity Research: *Trans World Airlines, Inc.* (April 28, 1999), at 2.

between the Company and the International Association of Machinists and Aerospace Workers ("IAM").[26] The threatened mechanics' strike in 1999 hurt TWA's high-yield and connecting flight bookings. As a result, the airline turned to lower yielding distribution channels such as Priceline.com to fill its seats.[27] Although TWA improved its yield in 2000 (due to higher overall industry fare levels and improved TWA marketing efforts), the improved yield was too little too late because TWA was unable to control its rising unit costs.[28]

B. HIGH OPERATING COST STRUCTURE

When evaluating an airline from a credit or equity perspective, an analysis of the carrier's cost performance is often even more important than its ability to increase revenue through traffic or yield growth.[29] Despite modest improvements in TWA's traffic and yield in 1999 and 2000, TWA's operational costs – specifically fuel, labor and aircraft rent – increased at a much greater rate, more than offsetting any financial benefit of its increased revenues.

1. Fuel

TWA was particularly vulnerable to variations in fuel prices because, unlike some of its major competitors, it was only able to hedge its exposure to jet fuel market risk on a limited basis.[30] Because TWA's credit worthiness was below investment grade, it would have had to cash collateralize its fuel hedging position against potential movements in price.[31] As discussed below, TWA did not have available cash to meet counterparty requirements, and thus could not

[26] Trans World Airlines, Inc., Annual Report (Form 10-K) (December 31, 1999), at 34.
[27] Deutsche Bank, Airline Industry 2Q99 Preview: *Industry Overview Sector: Air Transportation* (July 13, 1999), at 13.
[28] Trans World Airlines, Inc., Quarterly Report (Form 10-Q) (September 30, 2000), at 14.
[29] Standard & Poor's Industry Surveys: *Airlines* (July 20, 2000), at 25.
[30] Palumbo Affidavit at 11, ¶27. TWA's Form 10-K noted that TWA hedged a "minor portion of its fuel requirements" and, at the end of 1999, "did not hold any contracts to hedge future jet fuel costs." Trans World Airlines, Inc., Annual Report (Form 10-K) (December 31, 1999), at 43.
[31] Contemporaneous bankruptcy testimony from David Resnick, TWA's investment banker, confirms my analysis. At the January 27, 2001 hearing in the TWA bankruptcy, Resnick testified that TWA "doesn't have the creditworthiness" to hedge its fuel expenses. In re TWA, January 27, 2001 Testimony of David Resnick, at 34:11.

hedge against rising fuel costs.[32] During 1999 and 2000, airlines that failed to hedge fuel purchases, like TWA, paid approximately 35% to 40% more than those that did hedge fuel purchases.[33]

In the second half of 1999 and into 2000, the price of fuel increased significantly and, as a result, so did TWA's fuel expense. Moreover, every one-cent increase in the average cost per gallon of jet fuel resulted in an increase in TWA's fuel expense of approximately $6.8 million per year.[34] This had an extremely negative impact on TWA because the increase in cost was not offset by increases in fares or fuel surcharges.[35] As such, TWA's fuel expenses went from 12.0% of revenue in 1999 to 17.9% of revenue during the first quarter of 2001. Table 1 below presents a historical annual summary of TWA's fuel expenses.

Table 1 : Fuel Expense Summary

(USD in Thousands)	*Historical Year Ended* 12/31/1996	12/31/1997	12/31/1998	12/31/1999	12/31/2000	*Quarter Ended* 3/31/2001
Trans World Airlines, Inc.[(1)]						
Fuel Expense	$ 585,163	$ 480,853	$ 344,603	$ 396,517	$ 612,158	$ 140,929
As a % of Revenue	*16.5%*	*14.4%*	*10.6%*	*12.0%*	*17.0%*	*17.9%*
Peer Group Average [(2)]	**14.4%**	**13.9%**	**10.7%**	**10.8%**	**15.8%**	**16.3%**

[(1)] TWA's 2000 fuel expense (and revenue) computed utilizing the actual results for 11 months ended November 2000 plus Management's estimate for December 2000 per the November 2000 TWA Financial Management Report [ALPA 054447]. TWA's Q1 2001 fuel expense (and revenue) computed utilizing the actual results for the 3 months ended March 2001 per the March 2001 TWA Financial Management Report [ALPA 054307].
[(2)] Calculated as the average from the guideline company set.

2. Aircraft Rent

The negative impact of TWA's rising fuel costs on its financial condition was compounded by its aircraft modernization costs and uncompetitive lease rates. Due to TWA's need and desire to modernize its fleet upon emerging from bankruptcy in 1995, TWA found itself in a "seller's market" where it was forced to take many aircraft deliveries at above-market

[32] Palumbo Deposition at 32:22-33:13.
[33] Standard & Poor's Industry Surveys: *Airlines* (July 20, 2000), at 26.
[34] Palumbo Affidavit at 11, ¶27.
[35] Palumbo Deposition at 31:23-32:6.

rates.[36] Further impacting TWA's lease rates was its low credit rating, which also caused the Company to accept above-market lease rates. Between these two factors, any potential long-term benefits of a younger fleet were offset by TWA's higher aircraft lease costs.[37] As TWA took delivery of new leased aircraft, TWA's aircraft rent expense increased approximately 84% from $303 million in 1996 to $556 million in 2000. TWA's total rent expense, as a percentage of revenue, increased from approximately 9% of revenue in 1996 to 24% of revenue as of March 31, 2001. As of December 31, 2000, 177 of TWA's 201 aircraft were under operating leases (15 of the remaining 24 aircraft were under capital leases).[38] As explained in further detail below, TWA did not have the available capital resources to meet its future minimum lease obligations or to purchase replacement aircraft. Table 2 below presents a historical summary of TWA's aircraft rent expenses, which consistently increased from 1996 to 2001 (both in dollars and as a percentage of revenue) and was much higher as a percentage of revenue than that of its peers.

Table 2 : Rent Expense Summary

(USD in Thousands)	*Historical Year Ended* 12/31/1996	12/31/1997	12/31/1998	12/31/1999	12/31/2000	*Quarter Ended* 3/31/2001
Trans World Airlines, Inc.[1]						
Aircraft Rent	$ 302,990	$ 262,793	$ 331,071	$ 425,672	$ 556,306	$ 141,894
Other Rent	-	175,489	193,446	199,208	197,506	47,664
Total Rent	$ 302,990	$ 438,282	$ 524,517	$ 624,880	$ 753,812	$ 189,558
As a % of Revenue	*8.5%*	*13.2%*	*16.1%*	*18.9%*	*20.9%*	*24.1%*
Peer Group Average [2]	**11.5%**	**10.9%**	**10.5%**	**10.5%**	**10.4%**	**11.2%**

[1] TWA's 2000 aircraft rent expense (and revenue) computed utilizing the actual results for 11 months ended November 2000 plus Management's estimate for December 2000 per the November 2000 TWA Financial Management Report [ALPA 054447]. TWA's Q1 2001 aircraft rent expense (and revenue) computed utilizing the actual results for the 3 months ended March 2001 per the March 2001 TWA Financial Management Report [ALPA 054307].
[2] Calculated as the average from the guideline company set.

3. Labor

In addition to rising fuel and aircraft rent costs, TWA's labor costs also were increasing in the time period leading up to its third bankruptcy filing. Although the number of TWA's

[36] Palumbo Affidavit at 10, ¶23.
[37] Palumbo Deposition at 39:13-39:18.
[38] Palumbo Affidavit at 10, ¶22.

employees decreased 2.5% for the first nine months of 2000, the potential labor cost savings from these reductions were offset by the August 1, 1999 and August 1, 2000 salary increases to IAM-represented employees, Air Line Pilots Association ("ALPA")-represented employees, and non-contract employees.[39] Table 3 below details a historical annual summary of TWA's labor expenses, which as a percentage of revenue, was much higher than that of its peers:

Table 3 : Labor Expense Summary

(USD in Thousands)	*Historical Year Ended* 12/31/1996	12/31/1997	12/31/1998	12/31/1999	12/31/2000	*Quarter Ended* 3/31/2001
Trans World Airlines, Inc.[(1)]						
Labor Expense	$ 1,254,341	$ 1,228,315	$ 1,226,420	$ 1,270,645	$ 1,336,592	$ 325,813
As a % of Revenue	*35.3%*	*36.9%*	*37.6%*	*38.4%*	*37.1%*	*41.3%*
Peer Group Average [(2)]	**28.9%**	**28.9%**	**30.0%**	**30.3%**	**30.6%**	**33.9%**

(1) TWA's 2000 labor expense (and revenue) computed utilizing the actual results for 11 months ended November 2000 plus Management's estimate for December 2000 per the November 2000 TWA Financial Management Report [ALPA 054447]. TWA's Q1 2001 labor expense (and revenue) computed utilizing the actual results for the 3 months ended March 2001 per the March 2001 TWA Financial Management Report [ALPA 054307].
(2) Calculated as the average from the guideline company set.

C. POOR FINANCIAL PERFORMANCE

As a result of TWA's inability to generate sufficient revenues, combined with its increasing operating cost structure, TWA's financial performance deteriorated significantly in the period leading up to its bankruptcy filing in 2001. After emerging from bankruptcy in 1995, TWA was unable to generate an operating profit (see Table 4 below). As explained by one analyst, "while TWA has undertaken a well-defined series of initiatives to increase revenues and reduce costs – the simple fact is that the profits remain distinctly elusive. As the new millennium approaches, it appears TWA will have racked up about $3.7 billion in losses for the past decade."[40] Consistent with my observations and conclusions contained herein, American's management believed that TWA was losing money for the following reasons:

[39] Palumbo Affidavit at 12, ¶28. These salary increases were aimed to restore union employees' salaries from concessions given in TWA's prior two bankruptcies, and to bring them more in line with industry averages. Trans World Airlines, Inc., Annual Report (Form 10-K) (December 31, 1999), at 13-14.
[40] PaineWebber Incorporated, The Investext Group, Morning Meeting Note: *Airlines: Sept. Earnings – Day 3; AMR, TWA, UAL & U* (October 21, 1999), at 3.

- TWA was over-leveraged with expensive aircraft leases;
- TWA, due to financial weakness, had no ability to protect itself from high fuel prices through hedging;
- TWA was saddled with the Carl Icahn agreement to sell him discounted tickets, which disrupted the Company's whole pricing program; and
- TWA had limited revenue-generating ability because it was a one-hub operation.[41]

TWA's infrastructure cost versus its capacity to generate revenues was dramatically out of sync.[42] This is evident when comparing TWA's unit revenues to its unit costs, or revenues per available seat-mile ("RASM") and costs per available seat-mile ("CASM"). Small fluctuations in these metrics significantly affect a carrier's financial results, especially in the case of TWA, which had fewer internal financial resources and less access to external capital than many of its major competitors.[43] As displayed in Figure 4 below, the spread between TWA's RASM and CASM became inverted between 1998 and 1999.[44] This gap significantly widened upon filing for bankruptcy in 2001, due to a drastic reduction in the Company's revenue. Generally speaking, such an inverse relationship implies that the more TWA flew, the more money it lost.

A passenger carrier that continues to present a negative spread in its RASM / CASM relationship and derivatively presents a negative operating margin is not financially viable. TWA and its competitors measured these types of metrics in tenths of a cent, because when multiplied by billions of available seat miles ("ASMs"), the economic consequences were significant. Figure 4 below details the inverse relationship between TWA's RASM and CASM.

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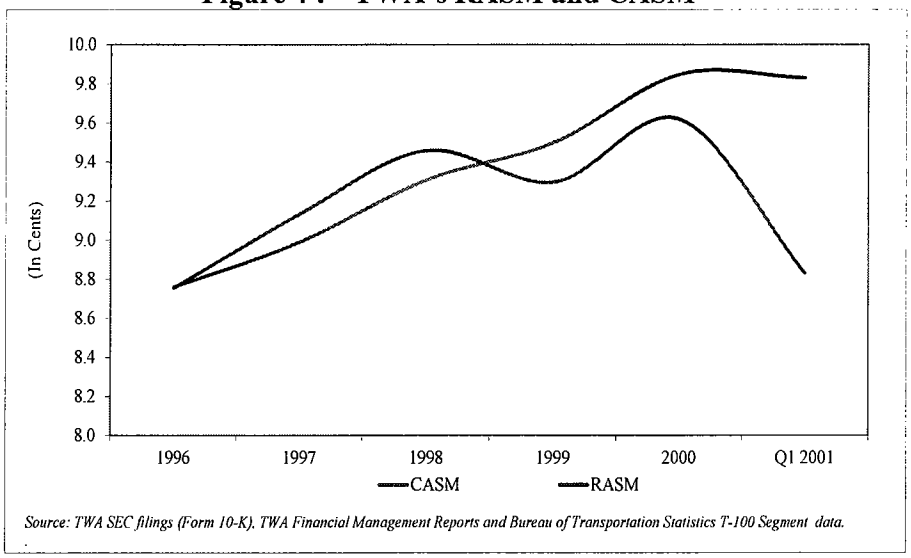
[41] ABN AMRO Equities: *The Four Horsemen of the Apocalypse Plague of the Airlines* (May 2001), at 16-17.
[42] Palumbo Deposition at 17:1-17:8.
[43] Palumbo Affidavit at 11, ¶26.
[44] CASM as reported in TWA's SEC filings, which excludes IAS, Getaway, earned stock, contract ratification and other special charges.

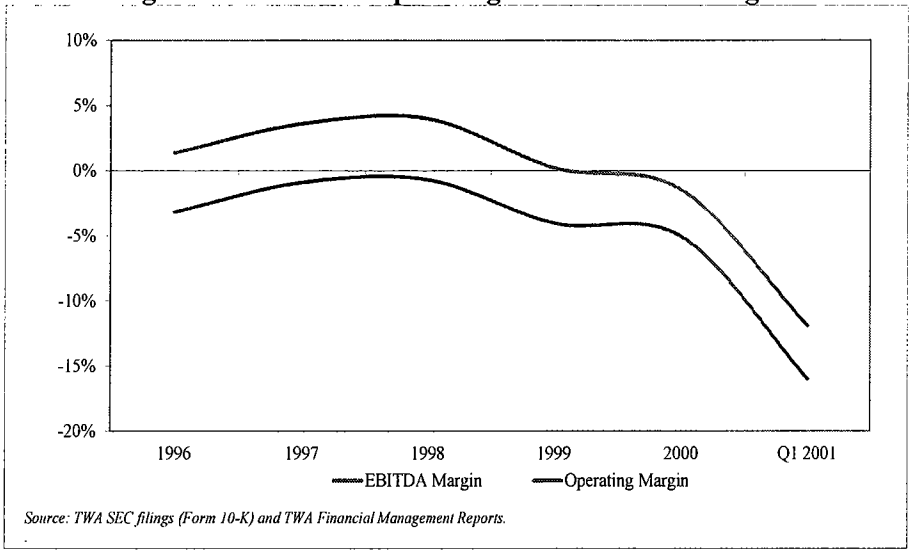
Figure 4 : TWA's RASM and CASM



Source: TWA SEC filings (Form 10-K), TWA Financial Management Reports and Bureau of Transportation Statistics T-100 Segment data.

Operating margin is one key metric used to evaluate a carrier's overall performance when comparing its revenue generating activities to the costs of providing flight services. A positive operating margin means that a carrier's flight activities contribute to support the costs of business overhead and interest costs on debts not directly associated with aircraft financing. Operating margin is a critical component of Earnings before Interest, Taxes, Depreciation and Amortization, or EBITDA, another key metric used to measure a passenger carrier's cash generating capability. From 1996 through 2001, TWA did not generate a positive operating margin, and by 2000, TWA's EBITDA margin had turned negative as well. Figure 5 below details the deterioration in TWA's operating and EBITDA margin.

Figure 5 : TWA's Operating and EBITDA Margin



Source: TWA SEC filings (Form 10-K) and TWA Financial Management Reports.

From an income statement perspective, TWA's financial performance significantly deteriorated beginning in 1999. Table 4 below summarizes the historical financial performance of TWA, and shows that in the five years prior to TWA filing for bankruptcy in 2001, the Company accumulated an aggregate $480 million and $1.1 billion in operating and net losses, respectively. For the three months ended March 31, 2001, TWA's operating losses totaled $126 million, a 21.3% increase from the same period in the prior year ($104 million).

Table 4 : Key Income Statement Metrics

(USD in Thousands)	*Historical Year Ended* 12/31/1996	12/31/1997	12/31/1998	12/31/1999	12/31/2000*	*Quarter Ended* 3/31/2001*
Revenue	$ 3,554,407	$ 3,327,952	$ 3,259,147	$ 3,308,712	$ 3,605,854	$ 787,973
Operating Expenses	(3,667,019)	(3,357,212)	(3,281,674)	(3,441,831)	(3,788,194)	(913,981)
Operating Income	$ (112,612)	$ (29,260)	$ (22,527)	$ (133,119)	$ (182,340)	$ (126,008)
Operating Income Margin	*-3.2%*	*-0.9%*	*-0.7%*	*-4.0%*	*-5.1%*	*-16.0%*
Net Income	$ (284,815)	$ (110,835)	$ (120,481)	$ (353,402)	$ (213,414)	$ (156,702)
Net Income Margin	*-8.0%*	*-3.3%*	*-3.7%*	*-10.7%*	*-5.9%*	*-19.9%*
EBITDA	$ 49,210	$ 121,121	$ 130,470	$ 7,789	$ (52,699)	$ (93,670)
EBITDA Margin	*1.4%*	*3.6%*	*4.0%*	*0.2%*	*-1.5%*	*-11.9%*
EBITDAR	$ 352,200	$ 559,403	$ 654,987	$ 632,669	$ 701,113	$ 95,888
EBITDAR Margin	*9.9%*	*16.8%*	*20.1%*	*19.1%*	*19.4%*	*12.2%*

*TWA's 2000 results computed utilizing the actual results for 11 months ended November 2000 plus Management's estimate for December 2000 per the November 2000 TWA Financial Management Report [ALPA 054447]. TWA's Q1 2001 results computed utilizing the actual results for the 3 months ended March 2001 per the March 2001 TWA Financial Management Report [ALPA 054307].

D. INADEQUATE CAPITAL RESOURCES AND LIQUIDITY

TWA's ability to maintain adequate capital and liquidity to fund its operations and meet its financial obligations depended on its ability to improve operating results by generating increased revenues and controlling costs or, if insufficient, on its ability to attract new capital.[45] Due to TWA's inability to improve its operating performance, TWA explored strategic alternatives (discussed in greater detail below) and other methods to externally recapitalize. TWA's capital raising efforts included (1) shopping its interest in Worldspan, and (2) soliciting capital markets (investors and insurance companies), non-traditional financing sources (aircraft lessors) and asset based lenders in an attempt to find a counterparty to refinance its $100 million accounts receivable financing which matured on January 15, 2001 (discussed in greater detail below). Ultimately, these efforts proved unsuccessful.[46]

[45] Trans World Airlines, Inc., Annual Report (Form 10-K) (December 31, 1999), at F-10.
[46] 2001 Palumbo Transcript at 21:24-32:14.

By December 31, 2000, TWA had utilized all of its available credit lines and had no undrawn debt capacity. Substantially all of TWA's strategic assets, including its owned aircraft, ground equipment, gates, parts inventory, and slots were pledged to secure various issues of outstanding indebtedness of TWA. TWA found itself with few strategic assets that it could readily monetize, as most were subject to various liens and security interests which would restrict and/or limit TWA's ability to realize any significant proceeds from the sale thereof.[47] TWA's only material unencumbered assets were its 26.3% interest in Worldspan and its interest in Equant N.V., which represented a potential source of collateral for TWA.[48] TWA's books and records reflected a negative net worth of approximately $440 million, or approximately 21.5% of its asset base, as of December 31, 2000. TWA's negative net worth would further deteriorate as assets were shed in bankruptcy and marked to market. Generally, capital intensive businesses that have negative net worth over multiple reporting periods are considered to be "at risk" for bankruptcy or liquidation. As displayed in Table 5 below, TWA was over-levered and had negative net worth over multiple reporting periods, and was book insolvent.

[47] Trans World Airlines, Inc., Annual Report (Form 10-K) (December 31, 1999). *See also* Palumbo Affidavit at 11, ¶26 (noting that "TWA…has fewer internal financial resources and less access to external capital than many of its major competitors. The reduction in the amounts of TWA's available cash and cash equivalents, coupled with TWA's already extremely limited amount of strategic assets available to support additional indebtedness, have made TWA extremely susceptible to liquidity shortfalls, particularly those caused by external events.").

[48] Trans World Airlines, Inc., Quarterly Report (Form 10-Q) (September 30, 2000). The estimated fair value of TWA's interest in Equant N.V. was approximately $27 million. The estimated fair value of TWA's interest in Worldspan was approximately $200 million to $300 million. 2001 Palumbo Transcript at 23:13-23:15.

Table 5 : TWA's Capitalization

(USD in Thousands)	*Historical Year Ended* 12/31/1996	12/31/1997	12/31/1998	12/31/1999	12/31/2000*
Capitalization					
9.8% A/R Asset Backed, Series 1997-1	$ -	$ 100,000	$ 100,000	$ 100,000	
12% Senior Secured Notes due 1998	111,799	-	-	-	
12% Senior Secured Notes due 2002	-	43,255	44,427	45,821	
11.5% Senior Secured Notes due 2004	-	138,360	138,522	138,704	
11.375% Senior Unsecured Notes due 2006	-	-	150,000	150,000	Detail Not Available
8% IAM Backpay Notes	12,090	13,354	14,936	16,927	
PBGC Notes	198,672	141,243	-	-	
Worldspan Note	31,224	31,224	31,224	-	
Capital Leases	263,291	219,990	200,911	165,807	
Other Debt	347,147	320,496	204,801	216,537	
Total Funded Debt	$ 964,223	$ 1,007,922	$ 884,821	$ 833,796	$ 815,043
PV of Operating Leases (7x)	2,120,930	3,067,974	3,671,619	4,374,160	5,276,684
Total Debt	$ 3,085,153	$ 4,075,896	$ 4,556,440	$ 5,207,956	$ 6,091,727
% of Total Capital	*92.8%*	*93.8%*	*96.1%*	*n/m*	*n/m*
Preferred Stock	$ 96	$ 121	$ 119	$ 123	$ 92
Stockholders' Equity	238,009	268,163	185,203	(171,033)	(439,596)
Total Equity	$ 238,105	$ 268,284	$ 185,322	$ (170,910)	$ (439,504)
% of Total Capital	*7.2%*	*6.2%*	*3.9%*	*n/m*	*n/m*
Total Capital	**3,323,258**	**4,344,180**	**4,741,762**	**5,037,046**	**5,652,223**
Cash Flow Coverage					
Funded Debt / EBITDA	19.59x	8.32x	6.51x	n/m	n/m
Total Debt / EBITDAR	8.76x	7.29x	6.90x	8.23x	8.69x

*TWA's 2000 balance sheet and income statement amounts obtained from the March 2001 TWA Financial Management Report [ALPA 054309] and the November 2000 TWA Financial Management Report [ALPA 054447], respectively.

By December 31, 2000, TWA's consolidated cash and cash equivalents balance had declined below the minimum levels needed to continue operations. The Company had $329 million in debt maturing in one year or less and had accumulated a significant working capital deficiency. This significantly constrained the Company's liquidity. Table 6 below details TWA's liquidity constraints and it inability to meet it current maturing obligations.

Table 6 : Key Liquidity Metrics

(USD in Thousands)	*Historical Year Ended* 12/31/1996	12/31/1997	12/31/1998	12/31/1999	12/31/2000*
Cash	$ 181,586	$ 237,765	$ 252,408	$ 180,443	$ 102,115
Less: Current Maturities	(134,948)	(88,460)	(149,403)	(105,744)	(329,287)
Excess (Deficit)	**$ 46,638**	**$ 149,305**	**$ 103,005**	**$ 74,699**	**$ (227,172)**
Cash	$ 181,586	$ 237,765	$ 252,408	$ 180,443	$ 102,115
As a % of Revenue	*5.1%*	*7.1%*	*7.7%*	*5.5%*	*2.8%*
Net Working Capital (incl. cash)	$ (201,468)	$ (215,528)	$ (248,022)	$ (365,259)	$ (586,281)
As a % of Revenue	*-5.7%*	*-6.5%*	*-7.6%*	*-11.0%*	*-16.3%*
Current Ratio *(Current Assets / Current Liabilities)*	65.0%	67.6%	60.4%	51.0%	31.3%

*TWA's 2000 balance sheet amounts obtained from the March 2001 TWA Financial Management Report [ALPA 054309].

Included in TWA's $329 million current debt maturities was the $100 million outstanding balance of the Company's 9.8% Airline Receivable Asset Backed Notes ("AR Notes"), which matured on January 15, 2001.[49] Compounding TWA's immediate cash needs to repay the AR Notes, the Company also experienced its largest operating losses and lowest cash balances during the first quarter of the year, as a result of cyclicality in the industry.[50] TWA anticipated expending net cash of approximately $70 million to $80 million for the month of January 2001 under normal operating conditions.[51] Between TWA's maturing AR Notes and January's net cash needs, the Company did not have sufficient cash to continue operating.[52] As an illustrative example of how dire TWA's cash position was, at December 31, 2000 TWA had approximately $102 million in cash, or 2.8% of revenues, while the average cash balance of TWA's peer group was $1.0 billion, or 12.2% of revenue.

[49] Trans World Airlines, Inc., Annual Report (Form 10-K) (December 31, 1999), at F-10; 2001 Palumbo Transcript at 11:23-12:3.
[50] Trans World Airlines, Inc., Annual Report (Form 10-K) (December 31, 1999), at 40.
[51] 2001 Palumbo Transcript at 12:3-12:6.
[52] 2001 Palumbo Transcript at 11:21-12:10; Palumbo Deposition at 117:14-117:17.

During the course of TWA's restructuring efforts, American commenced an acquisition of substantially all of the assets of the Company, whereby American initially provided approximately $200 million of DIP financing to fund TWA's immediate liquidity needs. The Bankruptcy Code offers DIP lenders superior seniority and enhanced security as an incentive to lend to a company that otherwise would not be able to attract financing. American's DIP financing was secured by certain TWA receivables generated post-petition, and by liens on substantially all of the Company's assets. As part of the Chapter 11 proceeding, TWA obtained Bankruptcy Court authorization to sell its assets to American in the context of an open auction with court approved bidding procedures. The DIP financing from American allowed TWA to continue operations and implement a Chapter 11 plan that maximized value for the benefit of all creditors and other parties of interest.[53]

TWA initially drew approximately $145 million on American's DIP facility, of which, approximately $80 million was used to pay down the AR Notes and $65 million was used to cover the Company's working capital deficit.[54] Shortly after drawing down the $145 million, TWA needed an additional $130 million to fund its deteriorating operations and to restore payments on its operating fleet,[55] which TWA had deferred under Section 1110 of the Bankruptcy Code. Absent the ability to make lease payments, TWA would have lost lease rights to its operating fleet and, as a result, its ability to generate revenues. TWA therefore would have had to terminate operations and proceed to liquidation.[56] Based on my experience advising financially distressed carriers in connection with aircraft lessors, the threat of repossession of aircraft is of sufficient gravity to force lessees into making aircraft lease payments. Furthermore,

[53] Palumbo Affidavit at 13-14.
[54] 2001 Palumbo Transcript at 12:20-13:7.
[55] Palumbo Deposition at 123:14-124:21.
[56] Palumbo Deposition at 123:14-124:21.

the inability of a passenger carrier to have certainty around its flight schedule is a basis to curtail operations and avoid stranding passengers and the adverse publicity arising from an event of this nature. Prior to American's financing, TWA's "self-help" efforts were an attempt to keep the Company viable long enough until it found a strategic solution. The American transaction was just that, and as explained by Mr. Compton, it was the equivalent of TWA catching the "Hail Mary" pass.[57] American's DIP financing provided TWA with the only viable alternative to immediate liquidation.[58]

E. OTHER OBSERVABLE MARKET EVIDENCE

The financial deterioration of TWA can also be seen in the market pricing of TWA's publicly-traded secured debt, unsecured debt and equity share price. As displayed in Figure 6 below, TWA's publicly-traded debt was priced at a significant discount to face value, which is generally indicative of investors' expectations that the company may default on its future debt payments. The pricing of TWA's debt was inversely correlated to the market's estimate of the probability of default by TWA. Figure 6 and Figure 7 below detail the trading prices of certain TWA secured and unsecured bonds and TWA's credit rating from the major rating agencies.

[57] 2001 Compton Transcript at 464:3-464:12.
[58] 2001 Palumbo Transcript at 15:11-15:14; Palumbo Deposition at 119:1-124:21; 2001 Compton Transcript at 383:5-383:13.

Figure 6 : TWA's Unsecured and Secured Public Debt Pricing

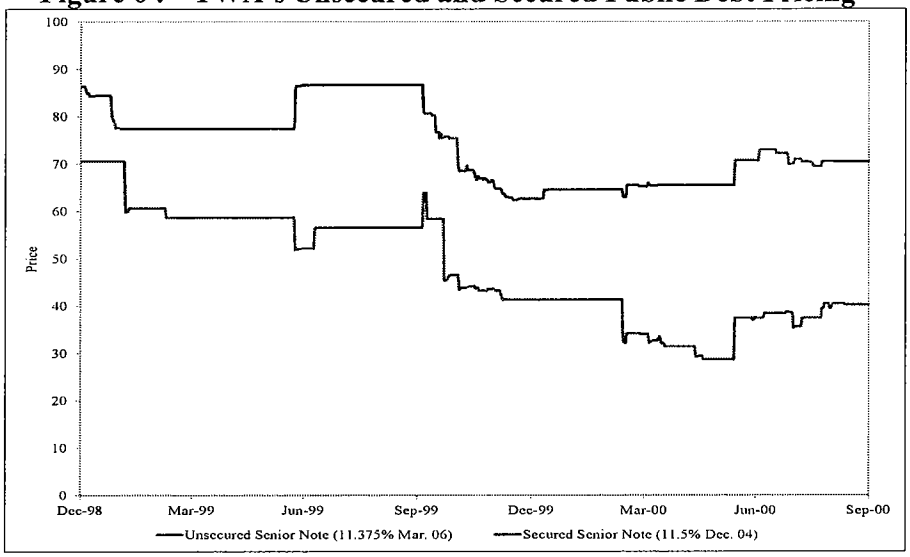


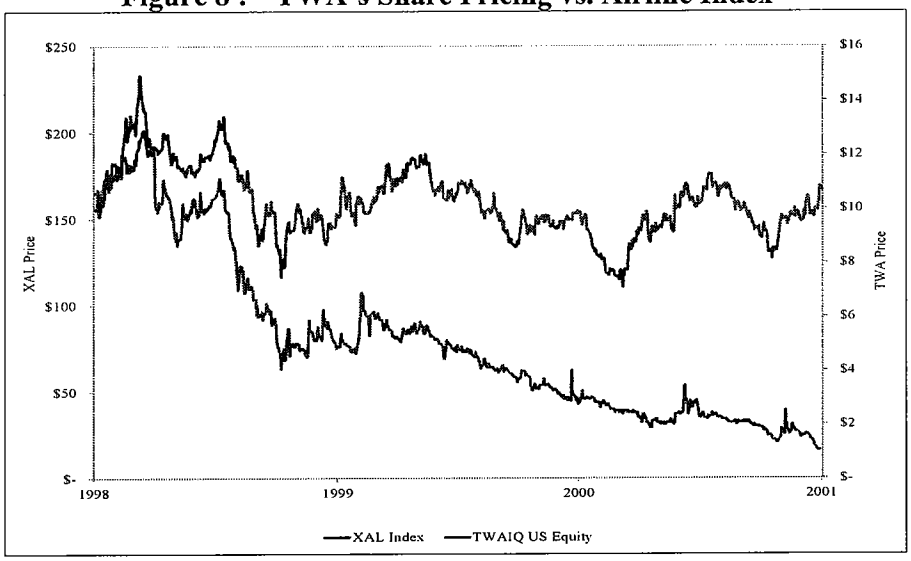
Figure 7 : TWA's Credit Ratings

	Standard and Poor's		Moody's	
Date	Senior Debt	Rating Classification	Senior Debt	Rating Classification
Jan-96	CCC	Extremely Speculative	WR	Withdrawn
Mar-98	CCC	Extremely Speculative	B2	Highly Speculative
Jan-01	D	In Default	Caa1	Substantial Risks

Source: Bloomberg Database

Given the deep discounts at which TWA's debt was priced, it is not surprising to see that TWA's equity share price dropped significantly over the same time period. By the end of 2000, TWA's stock price effectively represented "option value," as the underlying fundamentals of the business did not support any intrinsic equity value. Figure 8 below details TWA's share price compared to the XAL equity index (a composite of the equity prices of the major airline companies).

Figure 8 : TWA's Share Pricing vs. Airline Index



My analysis of the market pricing of TWA's publicly-traded secured debt, unsecured debt, and equity share pricing presents observable market evidence that TWA was in severe financial distress and confirms my conclusion that Company was not a financially viable airline.

F. SOLVENCY

My analysis above demonstrates that by January 2001, TWA was in severe financial distress and facing imminent liquidation. Given its mounting losses, unsustainably high cost structure, and poor liquidity, I would expect to find that TWA was insolvent as of the time of its bankruptcy filing. To test this assumption, I have performed an analysis of TWA's solvency at December 31, 2000, March 31, 2001 and June 30, 2001 (Valuation Dates) – the date range covering the announcement and closing of the American transaction. To determine the solvency of TWA, I performed a fair market valuation of TWA's business. In estimating the Fair Market Value[59] ("FMV") of the Total Invested Capital[60] ("TIC") of TWA, I used two standard valuation

[59] Fair Market Value is defined as "the price at which the property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts." [IRS Revenue Ruling 59-60].

approaches: the Market Approach and the Income Approach.[61] I valued TWA by applying these techniques under the premise of the Company's assets' value to a prudent investor contemplating retention and use of the assets in an ongoing business. A summary of my solvency analysis can be found at Exhibit 3.

1. Market Approach

The Market Approach indicates the FMV of the invested capital of a business based on a company's market capitalization (if publicly-traded) and a comparison of the business to comparable publicly-traded companies in its industry. Here, I estimate this approach using the Guideline Publicly Traded Company Method.[62]

The Guideline Publicly Traded Company Method provides an indication of the FMV of the invested capital of a business by comparing it to publicly-traded companies in similar lines of business. An analysis of the market multiples of companies engaged in similar lines of business yields insight into investor perceptions and, therefore, the value of the subject business. These multiples are then applied to the operating results of the subject business to estimate the FMV of the invested capital on a marketable, minority basis. One then considers an equity control premium, if applicable, to indicate the FMV of the business on a marketable, controlling basis.[63] In my application of the Guideline Publicly Traded Method, I considered publicly-traded

[60] Total Invested Capital is defined as the sum of the market value of equity, gross debt, preferred stock, capitalized leases, and the present value of operating leases.

[61] Another method for estimating the FMV of TWA could include the Underlying Asset Approach. However, I did not perform the Underlying Asset Approach as this approach is generally inappropriate for valuing a business under a going concern premise of value.

[62] Additional Market Approaches include the Guideline Merged and Acquired Company Method and the Quoted Market Price Method. I did not perform the Guideline Merged and Acquired Company Method due to a lack of a sufficient number of transactions with available financial data pertaining to the operating lease obligations of the target companies. I did not directly rely on the Quoted Market Price Method, as this reflected the anticipated recovery/liquidation values for investors based on the merger terms with American. However, given the deep discounts at which TWA's debt was trading and the negligible value of its equity shares, I did consider this method as evidence that the marketplace did not expect all creditors to receive full value on their claims, supporting my conclusion that TWA was insolvent at December 31, 2000.

[63] A premium for control is applicable to the equity value of a company. In the case of TWA, my analysis showed that there was no equity value in the business and, therefore, I did not apply an equity control premium.

companies with similar lines of business, basis of competition, target markets, etc. A brief description of the companies selected for the Guideline Publicly Traded Company Method for TWA can be found at Exhibit 7.

For the basis of my analysis, I relied on two commonly used multiples: TIC to Revenue and TIC to Earnings before Interest, Taxes, Depreciation, Amortization, and Rent ("EBITDAR").[64] Note that I considered operating lease/rent expenses for TWA and the Guideline Companies to be off-balance sheet debt and capitalized these amounts accordingly.[65] Table 7 below details the FMV of the TIC of TWA and the resulting equity surplus / (deficit) as of each Valuation Date. Under the Market Approach, TWA was insolvent at each Valuation Date.

Table 7 : Guideline Publicly Traded Company Method Conclusions

	TIC / Revenue Multiple		TIC / EBITDAR Multiple	
Valuation Date	TIC	Equity Surplus / (Deficit)	TIC	Equity Surplus / (Deficit)
December 31, 2000	$ 3.61 billion	$ (1.30 billion)	$ 3.23 billion	$ (1.68 billion)
March 31, 2001	3.80 billion	(1.27 billion)	3.32 billion	(1.75 billion)
June 30, 2001	3.57 billion	(1.46 billion)	3.64 billion	(1.39 billion)

Reference Exhibits 4-A, 4-B, and 4-C for detailed calculations leading to the above concluded values.

2. Income Approach

The Income Approach indicates the FMV of the invested capital of a business based on the value of the cash flows that the business can be expected to generate in the future. The Discounted Cash Flow Method, an application of the Income Approach, is comprised of four steps:

1. Estimate the future cash flows for a certain discrete projection period;

[64] EBITDAR is commonly used in the airline industry as rent and ownership costs can vary significantly among airlines due to differences in the way airlines finance their aircraft and other asset acquisitions.
[65] See Page 14 of Exhibits 4-A, 4-B, and 4-C for capitalized lease analysis.

2. Discount these cash flows to their present value equivalents at a rate of return that considers the relative risk of achieving the cash flows and the time value of money;

3. Estimate the residual value of cash flows subsequent to the discrete projection period; and

4. Combine the present value of the residual cash flows with the discrete projection period cash flows to indicate the FMV of the invested capital of the business on a marketable, controlling basis.

In my application of the Discounted Cash Flow Method, I applied a variation commonly referred to as the Capitalized Cash Flow Method.[66] As part of my analysis I reviewed TWA's 2001 budget; however, I did not view this budget to be a reliable estimate of the Company's future performance and, therefore, did not utilize this budget. Rather, in my application of the Capitalized Cash Flow Method, I analyzed TWA's historical cash flows to form a basis for estimating a normalized residual cash flow.[67] The normalized available cash flows were then capitalized using a rate calculated by subtracting the residual growth rate from the respective weighted average cost of capital ("WACC"). The WACC is an overall rate based upon the individual rates of return for equity and interest-bearing debt. Table 8 below details the estimated WACC for TWA as of each Valuation Date:

Table 8 : WACC Overview

Valuation Date	WACC
December 31, 2000	11.9%
March 31, 2001	11.4%
June 30, 2001	10.7%

Reference Exhibit 6 for detailed WACC calculations.

[66] James R. Hitchner, *Financial Valuation, Applications and Models, Third Edition*, 2011, at 139.
[67] In calculating the normalized cash flows, I excluded TWA's operating lease/rent expense from the cash flows. I capitalized this operating lease/rent expense and considered it as a debt obligation.

The capitalized residual cash flow equals the FMV of the Total Invested Capital of TWA and represents the amount an investor would pay today for the rights to the cash flows of the business into perpetuity. Table 9 below details the FMV of the Total Invested Capital of TWA and the resulting equity surplus / (deficit) as of each Valuation Date. Under the Income Approach, TWA was insolvent at each Valuation Date.

Table 9 : Income Approach Conclusions

Valuation Date	TIC Value	Equity Surplus / (Deficit)
December 31, 2000	$ 3.63 billion	$ (1.28 billion)
March 31, 2001	3.80 billion	(1.27 billion)
June 30, 2001	3.68 billion	(1.35 billion)

Reference Exhibit 5 for detailed calculations leading to the above concluded values.

3. Fair Market Valuation Conclusion

Based on my application of the Market Approach and the Income Approach as described above, I conclude that TWA (on a standalone basis) was balance sheet insolvent as of December 31, 2000, March 31, 2001 and June 30, 2001.

III. TWA'S INABILITY TO OPERATE AS A STAND ALONE AIRLINE

TWA's Chapter 11 filings in 1992 and 1995 were unsuccessful in that they did not prevent successive bankruptcy filings. For the reasons stated herein, TWA's business model was uncompetitive relative to the state of the industry in which it operated. After emerging from bankruptcy in 1995, TWA's competitive position among major carriers prohibited an organic turnaround due to its lack of financial resources. As a result, Chapter 11 was not a solution to TWA's problems in 2001.[68] Plaintiffs' experts fail to recognize that a successful reorganization and the ability to operate as a stand-alone airline was not an option for TWA in 2001. Furthermore, Plaintiffs' experts performed no independent analysis to determine the likelihood of a successful TWA reorganization, but assumed as much:[69]

> "Filing for bankruptcy has very little to do, if anything to do, with whether you stop flying…most of the airlines we fly every day have been in bankruptcy at one point or another it seems to me, and they don't stop flying. So I didn't really take very seriously that TWA was just going to stop flying."[70]

In fact, the opposite is true. Few airlines that have filed for bankruptcy are still in business today. In 2005, the United States Government Accountability Office performed a study and determined that of the 146 airline Chapter 11 filings since 1979, only 16 airlines were still in business.[71] Bankruptcy protection was costly to debtor airlines, usually resulted in a loss of control by shareholders (and occasionally management) and initially damaged relations with employees, investors, and suppliers. While bankruptcy provided some immediate protection

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[68] Additionally, TWA did not have adequate resources to finance its Chapter 11 proceeding in 2001. *See* Palumbo Deposition at 99:1-99:10.

[69] Dr. Farber believes that the only clear indicator that an airline will cease flying is if you "[s]how up at the airport and the plane didn't take off." Farber Deposition (Day 2) 43:15-55:21.

[70] Farber Deposition (Day 1) 83:6-83:12 and 169:17-169:25.

[71] United States Government Accountability Office, Testimony before the committee on Transportation and Infrastructure, Subcommittee on Aviation: *Commercial Aviation: Preliminary Observations on Legacy Airlines' Financial Condition, Bankruptcy, and Pension Issues* (June 22, 2005), GAO-05-835T at 10.

from creditors, most airlines that filed for bankruptcy were not able to avoid a subsequent bankruptcy or liquidation.[72]

Below I address those factors that contributed to TWA's deteriorating financial condition and prohibited a stand-alone operation.

A. INDUSTRY CONSOLIDATION

TWA's domestic services were subject to intense competition from other carriers due to the ease with which carriers, through strategic acquisitions and otherwise, could enter new domestic markets and be extremely competitive.[73] Since deregulation, consolidation through mergers, acquisitions, and bankruptcies has been a major trend within the airline industry.[74] As a result, major airlines gained market share and control over markets and competing airlines. This concentration was further compounded through global marketing alliances and code-sharing agreements with regional carriers.[75] TWA's major competitors expanded their international operations and increased their domestic market presence, and thereby strengthened their overall operations to the detriment of TWA.[76]

Many of TWA's competitors increased their domestic market presence and expanded international operations by transporting passengers connecting with or otherwise traveling on alliance carriers. Such alliances further intensified the competitive environment in which TWA operated.[77] TWA's competitors formed four major global airline alliances: (1) Star Alliance anchored by United Airlines and Lufthansa; (2) Oneworld with American and British Airways;

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[72] United States Government Accountability Office, Testimony before the committee on Transportation and Infrastructure, Subcommittee on Aviation: *Commercial Aviation: Preliminary Observations on Legacy Airlines' Financial Condition, Bankruptcy, and Pension Issues* (June 22, 2005), GAO-05-835T at 3.
[73] Trans World Airlines, Inc., Quarterly Report (Form 10-Q) (September 30, 2000), at 10.
[74] Reference Exhibit 8 and Exhibit 9 for a timeline of M&A activity and bankruptcies in the airline industry since deregulation.
[75] Standard & Poor's Industry Surveys: *Airlines* (July 20, 2000), at 7.
[76] Trans World Airlines, Inc., Quarterly Report (Form 10-Q) (September 30, 2000), at 10.
[77] Trans World Airlines, Inc., Quarterly Report (Form 10-Q) (September 30, 2000), at 10.

(3) the SkyTeam alliance between Delta and Air France; and (4) Wings, which included KLM and Northwest Airlines.[78] These alliances allowed carriers to enter domestic and international markets that were otherwise too expensive to serve with their own aircraft, or were restricted under a bilateral aviation agreement with another nation.[79] These aligned airlines were able to offer a higher level of flight frequencies and, as a result, capture significant market share in a given market while driving out other airlines with lesser presence by making it unprofitable for them to compete.[80] These benefits were accomplished without requiring substantial investment in additional aircraft, airport facilities, or route authority. Furthermore, aligned airlines were able to recognize cost savings by (1) sharing cargo and passenger terminal facilities, (2) integrating frequent-flyer programs, (3) consolidating sales, maintenance, and administrative operations, (4) combining information technologies, (5) coordinating advertising, and (6) engaging in joint procurement where feasible.[81] With limited options for alliance partners, TWA needed to find a strategic partner in order to remain competitive in a consolidating industry and survive as a stand-alone airline.[82]

TWA had discussions with essentially every airline that was certified in the U.S. in an attempt to find a strategic partner, including extensive discussions with America West, Northwest, Continental, Delta and American.[83] There was not a point in time subsequent to emerging from bankruptcy in 1995 where TWA was not seeking a strategic partner.[84] A merger was TWA's only option to preserve a going-concern value because TWA was a structurally flawed airline, from both a financial and network perspective, and was not viable on its own.

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[78] Standard & Poor's Industry Surveys: *Airlines* (July 20, 2000), at 15.
[79] Standard & Poor's Industry Surveys: *Airlines* (July 20, 2000), at 14.
[80] United States Government Accountability Office, Report to Congressional Requesters, *Aviation Competition: Effects on Consumers From Domestic Airline Alliances Vary* (January 1999), GAO/T-RCED-99-37at 26.
[81] Standard & Poor's Industry Surveys: *Airlines* (July 20, 2000), at 15.
[82] Palumbo Deposition at 98:13-99:14.
[83] Palumbo Deposition at 99:19-100:3.
[84] Palumbo Deposition at 97:23-98:1 and 97:4-97:8.

Mergers and acquisitions were used in the airline industry as a means to increase revenues and expand networks by offering more seamless travel to more destinations. Mergers and acquisitions also provided for cost savings benefits resulting from the (1) combination of complementary assets, (2) elimination of duplicative activities and respective costs, and/or (3) reduction in capacity, including the elimination of inefficient (or redundant) hubs or routes. Mergers and acquisitions also permitted for other cost savings through facility consolidation, procurement savings, and working capital and balance sheet restructuring, such as renegotiation of aircraft leases.[85] For TWA, a merger was the only potential solution to the Company's liquidity and operational challenges.[86] Unfortunately for TWA, almost everyone TWA engaged in discussions with saw no value in TWA as a going concern:[87]

> "We recognized the viability of our airline was at stake, and we went knocking on doors to find a solution. There is not an airline of any size in America that we did not approach. There is not an airline of any size in America that did not have the opportunity to step in and join with us. No one was interested in TWA as a going concern."[88]

At the time of the American transaction, airline analysts recognized the unattractiveness of TWA as a merger candidate due to its "weak financial and operational positions."[89] Only American saw value in acquiring the struggling airline and preserving the flying franchise (to the surprise of TWA),[90] and was willing to provide much-needed DIP financing.[91] The American

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[85] United States General Accounting Office, Testimony before the Committee on Commerce, Science, and Transportation, U.S. Senate, *Airline Mergers: Issues Raised by the Proposed Merger of United and Continental Airlines* (May 27, 2010), GAO-10-778T at 6.
[86] Palumbo Deposition at 97:15-97:20.
[87] Compton Deposition at 53:3-53:8 and Compton Deposition at 34:13-34:20.
[88] Compton Deposition at 52:11-52:17.
[89] ING Barings, *Airline Consolidation: Short-Term Pain for Long-Term Gain* (June 29, 2000), at 7.
[90] Palumbo Deposition at 109:15-110:2.
[91] Compton Deposition at 53:3-53:8. At the January 10, 2001 bankruptcy hearing, Palumbo testified that "while there were discussions," no one other than American was willing to provide TWA with DIP financing. In re: TWA, January 10, 2001 Testimony of Michael Palumbo, at 58:11-59:24. Contemporaneous testimony from the bankruptcy proceeding confirms that TWA unsuccessfully attempted to obtain funding from the traditional capital markets, reinsurance agencies, and non-traditional lenders. *See* 2001 Palumbo Transcript, at 25:19-28:13.

transaction was the only alternative for TWA's survival and, in part, saved thousands of jobs for TWA employees:

> "In our opinion, TWA employees are the luckiest employees in the world. They not only have had their jobs saved by AMR Corp., which acquired the defunct TWA assets in bankruptcy court, but now work for a much more stable airline and at higher wages to boot. It is almost as if the 20,000 employees have 'hit the jackpot,' in our view....What does AMR Corp. get out of the deal? The elimination of a failing carrier that was heavily discounting ticket prices and disrupting the whole pricing structure."[92]

> "TWA employees may be willing to accept the kind of seniority dilution that would be needed to appease American's workers, because the alternative might ultimately be no job for TWA staff."[93]

Although Dr. Farber referred to a hypothetical transaction with Carl Icahn as an alternative to the American transaction, he did not conduct any independent analysis of the purported Icahn transaction or identify other viable alternative transactions.[94] Based on my review of TWA's financial condition, and particularly the significant ongoing costs of the Icahn-imposed Karabu ticketing agreement (discussed below), a hypothetical Icahn transaction that required maintaining the Karabu agreement was not a realistic alternative to the American transaction. Moreover, during TWA's bankruptcy proceedings, Judge Walsh addressed the Icahn proposal as follows: "[he] had no realistic or detailed plan for preserving TWA as a standalone entity . . . [a]t best it was simply an opener for discussion."[95]

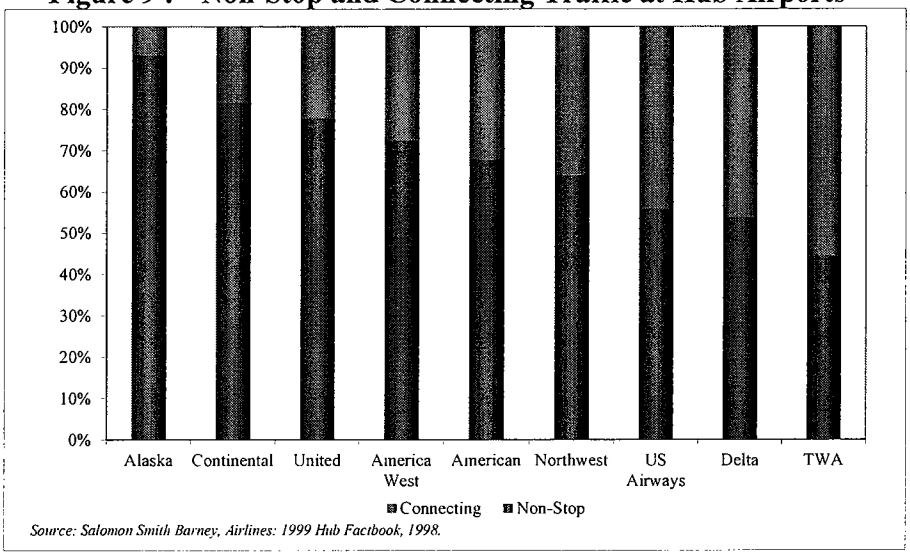
B. NETWORK STRUCTURE

TWA's ability to survive as a stand-alone airline, and its competitive viability, were significantly impaired by being a single-hub carrier. Because TWA only had one hub, its

[92] ABN AMRO Equities: *The Four Horsemen of the Apocalypse Plague of the Airlines* (May 2001), at 64.
[93] Credit Suisse First Boston, Morning Meeting Notes: *AMR to Purchase TWA, Significant US Airways Assets and 49% of DC Air; Industry Consolidation is Taking Shape* (January 11, 2001), at 3.
[94] Farber Deposition at 135:1-135:10 and 167:5-167:15; Farber Deposition (Day 2) at 8:9-8:23; Salamat Deposition at 88:13-88:15.
[95] In re TWA, April 2, 2001 Order ¶ 39.

percentage of connecting traffic, compared to non-stop traffic, was much higher than that of its competitors. Hub airports permitted carriers to offer increased non-stop service as well as increased frequency for connecting service.[96] Non-stop service was higher-yielding than connecting service, and allowed major carriers to maintain pricing, particularly in periods of general industry revenue weakness.[97] In hub markets, competing non-hub airlines could not achieve the high traffic densities needed to schedule the frequent non-stop flights desired by local business travelers.[98] TWA displayed the greatest reliance on connecting traffic at 55.5%, compared to the other major carriers. Figure 9 below details the relationship of connecting and non-stop traffic for TWA and the other major carriers at their respective hub airports.

Figure 9 : Non-Stop and Connecting Traffic at Hub Airports



Source: Salomon Smith Barney, Airlines: 1999 Hub Factbook, 1998.

TWA suffered by comparison to most of its competitors who had multiple hub airports.[99] Since substantially all of TWA's major connecting traffic had to flow through STL,

[96] Transportation Research Board, Special Report 255: *Entry and Competition in the U.S. Airline Industry, Issues and Opportunities* (1999), at 66.
[97] Salomon Smith Barney, Equity Research: *Airlines: 1999 Hub Fact Book* (February 1998), at 7.
[98] Transportation Research Board, Special Report 255: *Entry and Competition in the U.S. Airline Industry, Issues and Opportunities* (1999), at 72.
[99] Palumbo Deposition at 46:21-47:1.

TWA's ability to compete with multiple-hub carriers was significantly constrained.[100] Furthermore, having multiple hub airports provided carriers operational synergies between nearby hubs, and allowed for staggered connecting service and useful redundancy in the event of weather disruptions at one hub.[101] No other major carrier had fewer than three hubs; TWA had one. A single-hub airline was not able to generate the profitability to make it competitive among other major carriers.[102] A single-hub operation more-closely resembled that of a regional carrier than that of a major carrier.[103] Table 10 below details the number and location of the hub airports for TWA and the major carriers:

Table 10 : Hub Airports of TWA and Other Major Carriers

Alaska	America West	American	Continental	Delta	Northwest	TWA	United	US Airways
1 Anchorage	1 Columbus	1 Chicago	1 Cleveland	1 Atlanta	1 Detroit	1 St. Louis	1 Chicago	1 Baltimore
2 Portland	2 Las Vegas	2 Dallas	2 Houston	2 Cincinnati	2 Memphis		2 Denver	2 Charlotte
3 Seattle	3 Phoenix	3 Miami	3 Newark	3 Dallas	3 Minneapolis		3 Los Angeles	3 Philadelphia
				4 Salt Lake City			4 San Francisco	4 Pittsburgh
							5 Washington	

Source: Salomon Smith Barney, Airlines: 1999 Hub Factbook, 1998.

Compounding TWA's challenges of only having one hub, were the population and business characteristics of St. Louis, MO. STL was a relatively weak hub compared to the hub cities of its competitors. Hub airports generally require a degree of concentration of both population and corporate headquarters to ensure a proper mix of business and leisure travel, and to allow a carrier to sustain a revenue operation that is designed around an infrastructure cost. By 2001, the corporate headquarter landscape of St. Louis had deteriorated, which resulted in a decline in business activity and high-value business traffic at STL.[104] TWA's revenue potential was limited as it was not able to service national corporate clients out of STL.[105] In addition,

[100] Resnick Deposition at 66:5-67:10; 2001 Palumbo Transcript at 29:15-29:24.
[101] Salomon Smith Barney, Equity Research: *Airlines: 1999 Hub Fact Book* (February 1998), at 18.
[102] IN RE: TRANS WORLD AIRLINES INC., et. al., Proceeding Transcripts of David Resnick, dated January 27, 2001 at 66:11-66:13.
[103] Resnick Deposition at 66:5-67:10.
[104] Palumbo Deposition at 47:14-48:13; 2001 Palumbo Transcript at 29:3-29:24.
[105] Resnick Deposition at 68:9-68:18.

STL had a lot of competition from other Midwest cities.[106] Simply put, Mr. Resnick explained the characteristics of STL as follows: "[i]f you had to pick any place in the U.S., St. Louis wouldn't have been your choice."[107]

C. REGIONAL AFFILIATES

TWA was constrained in its ability to utilize regional-jet service. This placed the Company at a competitive disadvantage compared to the other major carriers. Regional service allowed major carriers to provide service to smaller communities which otherwise could not profitably support mainline operations.[108] Major carriers were able to right-size their existing mainline operations by adding regional service, whose seating capacity better matched existing passenger traffic.[109] As such, major carriers were able to transition unprofitable mainline markets to regional affiliates, while continuing to feed profitable traffic flow from that market into their hub networks.[110] Regional service also allowed major carriers to extend their market reach and efficiently provide new service in thin-traffic markets, and to realize the benefits of increased traffic flow over their hub-and-spoke networks.[111] Major carriers' hubs were made stronger through the addition of non-stop regional service in long, thin markets where traffic would otherwise move over to competing hubs via connecting service.[112] TWA's ability to

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[106] Deutsche Bank, Airline Industry 3Q99 Preview: *Industry Overview Sector: Air Transportation* (October 14, 1999), at 6.
[107] Resnick Deposition at 20:6-20:9.
[108] United States General Accounting Office, Report to the Honorable Olympia J. Snowe, United States Senate: *Aviation Competition: Regional Jet Service Yet to Reach Many Small Communities* (February 2001), GAO-01-344 at 3.
[109] United States General Accounting Office, Report to the Honorable Olympia J. Snowe, United States Senate: *Aviation Competition: Regional Jet Service Yet to Reach Many Small Communities* (February 2001), GAO-01-344 at 15.
[110] Robinson-Humphrey: *Eighth Annual Regional Airline Conference; The Source for Post-Deregulation Airlines* (February 2, 1999), at 15.
[111] Robinson-Humphrey: *Eighth Annual Regional Airline Conference; The Source for Post-Deregulation Airlines* (February 2, 1999), at 15.
[112] Robinson-Humphrey: *Eighth Annual Regional Airline Conference; The Source for Post-Deregulation Airlines* (February 2, 1999), at 11.

utilize regional service was constrained due to scope-clause provisions and the Company's poor financial condition and credit worthiness.

Not all major carriers were able to participate equally in regional service due to restrictions in pilot labor agreements, or "scope clauses."[113] Regional scope-clause provisions differed from carrier to carrier, and placed restrictions on the number and/or size of regional jets ("RJs") a major carrier could operate. TWA's scope-clause provisions were more restrictive, in terms of the quantity of RJs the Company could operate, than those of the other major carriers. Table 11 below details a summary of the regional scope-clause provisions included in TWA's and the other major carriers' labor agreements. Compared to some of the other major carriers, TWA's scope-clause provisions were more restrictive in that they limited the Company's ability to utilize RJs.

Table 11 : Overview of RJ-Related Scope Clause Provisions

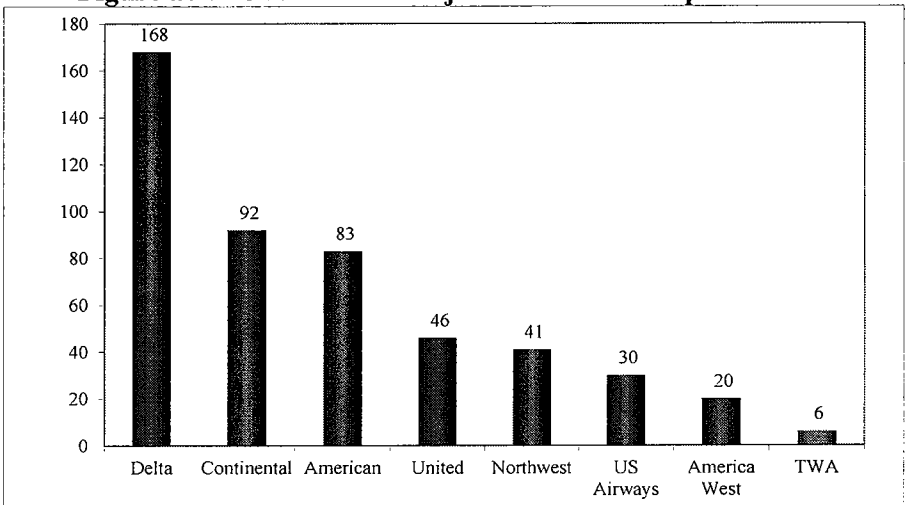
Major Airline	Contract Term	Main Provisions Relating to RJ Use
America West	1995-2000	There were no RJ-related scope restrictions.
American	1997-2001	There was a limit of 67 RJs—with a maximum of 70 seats, a minimum of 45 seats, and an average of 50 seats—that applied to the airline's entire commuter fleet. There was no limit on the number of RJs with fewer than 45 seats.
Continental	1998-2002	There was no limit on the number of RJs that can be operated, but their size is limited to 59 seats; if this seat size was exceeded, Continental pilots would be given the opportunity to fly RJs.
Delta	1996-2000	There was no limit on the number of RJs, but their size was generally limited to 70 seats.
Northwest	1998-2002	There was a limit of 30 RJs until the number of narrow-body jets exceeded 347; then RJs could be added on a one-for-one basis. The carrier could also place its code on 36 additional RJs operated by Mesaba (with less than 70 seats), and utilize other RJs operated by regional affiliates.
TWA	1998-2002	There was a limit of 30 RJs. The carrier could also operate 2 additional RJs for each additional aircraft in its fleet above 180 until the fleet reached 188, and 1 additional RJ for each 2 additional aircraft above 188. RJ size was limited to 70 seats and cruise speed to 400 miles per hour.
United	1998-2000	This period's agreement limited the maximum number of RJs to 65, with some provisions for adding more as the overall fleet size increased.
	2000-2004	This more-recent agreement allowed the carrier to deploy approximately 300 RJs by growing its mainline fleet and replacing 150 turboprops on a one-for-one basis.
US Airways	1998-2003	RJs were limited to either 35 total or 9 percent of the aircraft in US Airways' fleet, whichever was larger. On April 7, 2000, the pilots and the airline signed an interim agreement allowing 35 additional 50-seat RJs.

Source: GAO. Aviation Competition, Regional Jet Service Yet to Reach Many Small Communities, February 2001, GAO-01-344.

[113] RJ-related scope provisions in mainline pilot contracts continue to be a part of recent and ongoing negotiations between carriers and pilots. Scope clause agreements adopted in negotiations proximate to AMR's acquisition of TWA generally allowed for significant increases in the number, but not in the seating capacity, of the regional jets that a carrier could operate with pilots not on that carrier's seniority list.

In addition to TWA's scope-clause provisions, its financial condition and creditworthiness further impaired the Company's ability to utilize regional service. During the late-1990s, the market for regional service was a sellers' market.[114] Given the structure under which major carriers purchased capacity with regional operators, the financial condition and credit quality of the major airline was of significant importance to the regional operator. Since TWA's financial condition and credit quality was far less than that of its peers, there were more attractive carriers for the regional operators to conduct business with.[115] As displayed in Figure 10 below, TWA had fewer RJs in operation than that of the other major carriers.[116]

Figure 10 : Overview of Major Carriers' RJ Operations



Source: GAO, Aviation Competition, Regional Jet Service Yet to Reach Many Small Communities, February 2001, GAO-01-344.

As Figure 10 illustrates, TWA thus was essentially locked out of the regional-jet market. As a result, more of the regional revenues were flowing to the other carriers who had a greater regional-service offering. TWA's competitive position was negatively impacted, as traffic that

[114] Palumbo Affidavit at 10, ¶23.
[115] Palumbo Deposition at 50:25-54:5.
[116] Number of RJs in operation as of October 2000.

otherwise would have found its way to STL instead found its way to competitors' hubs more efficiently and under better conditions.[117]

D. PRICING PRESSURE

TWA's potential for stand-alone viability was largely dependent on its ability to attract higher-yield business travelers. TWA's key initiatives were geared towards implementing revenue-enhancing marketing initiatives and schedule realignments to appeal to business travelers.[118] Business travelers were relatively price-insensitive and permitted carriers to charge a higher fare since travel was unrestricted and usually scheduled within short notice of departure.[119] Carriers relied upon business travelers to help cover the operating and capital costs of maintaining schedule-intense networks.[120] Major carriers' profitability became increasingly reliant on business travelers.[121] This was also true for TWA. However, the Company's suboptimal network structure (as previously discussed) impaired its ability to attract high-value business travelers. The only alternative for TWA was to try to capture a larger share of the leisure market, which faced significant pricing pressure.

TWA also faced significant competition from Southwest Airlines, which was capturing market share at STL. Southwest Airlines' strategy was to serve short-haul, dense routes with frequent flights. As such, Southwest Airlines did not rely on the traditional hub-and-spoke network, and instead focused on markets with sufficient local traffic to sustain non-stop service. This allowed for operating efficiencies, as Southwest Airlines minimized the amount of time its aircraft were parked at gates. Southwest Airlines avoided congested airports in large cities, and

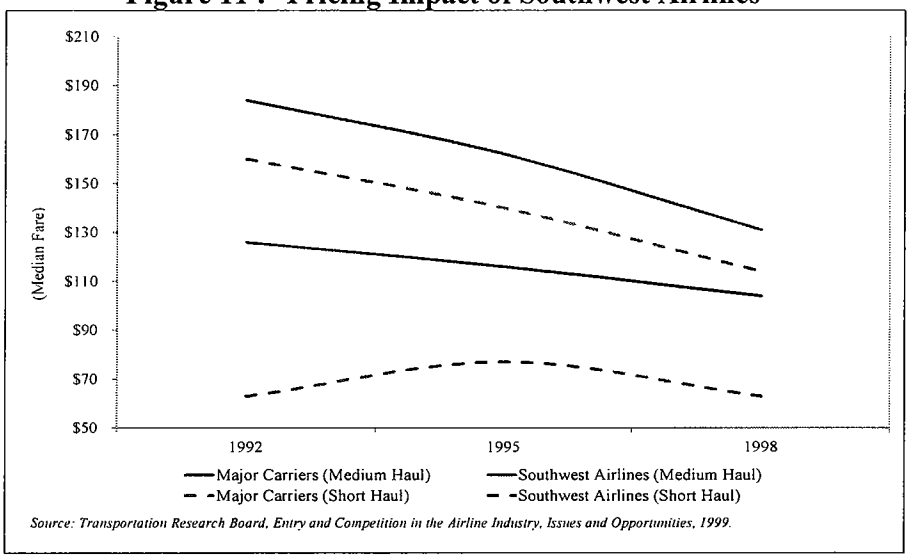
[117] Palumbo Deposition at 50:25-54:5.
[118] Trans World Airlines, Inc., Quarterly Report (Form 10-Q) (September 30, 2000), at 11.
[119] Standard & Poor's Industry Surveys: *Airlines* (July 20, 2000), at 16.
[120] Transportation Research Board, Special Report 255: *Entry and Competition in the U.S. Airline Industry, Issues and Opportunities* (1999), at 4.
[121] United States General Accounting Office, Report to Congressional Committees: *Commercial Aviation: Legacy Airlines Must Further Reduce Costs to Restore Profitability* (August 2004), GAO-04-836 at 15.

instead targeted many secondary, underused airports near larger cities. These airports usually had fewer air traffic control delays, less congestion in aircraft and passenger ground handling, and lower facility and service fees. As a result, Southwest Airlines was able to offer reduced fares, which consequently resulted in increased passenger volume and market share.[122]

During the 1990s, the presence of Southwest Airlines was a key factor in competition and pricing in the airline industry, and given its presence at STL, was an especially significant competitive factor for TWA. Southwest Airlines constrained the price at which TWA could charge passengers traveling on similar routes.[123] Southwest Airlines had a significant impact on TWA's pricing because, as a low-cost carrier, Southwest Airlines had lower operating costs than TWA and was able to price more aggressively.[124] The presence of Southwest Airlines on routes, or even entry into end-point airports of a market pair, led to lower airfares.[125] Figure 11 below details the impact of Southwest Airlines' fares on median fares of the major carriers, including TWA.[126]

[122] Transportation Research Board, Special Report 255: *Entry and Competition in the U.S. Airline Industry, Issues and Opportunities* (1999), at 50.
[123] Palumbo Deposition at 49:12-50:2.
[124] Resnick Deposition at 50:8-51:1.
[125] United States General Accounting Office, Report to the Subcommittee on Aviation Operations, Safety, and Security, Committee on Commerce, Science, and Transportation, U.S. Senate: *Airline Industry: Potential Mergers and Acquisitions Driven by Financial and Competitive Pressures* (July 2008), GAO-08-845 at 39.
[126] Long haul markets were not factored because Southwest Airlines carried few passengers beyond 1,500 miles.

Figure 11 : Pricing Impact of Southwest Airlines



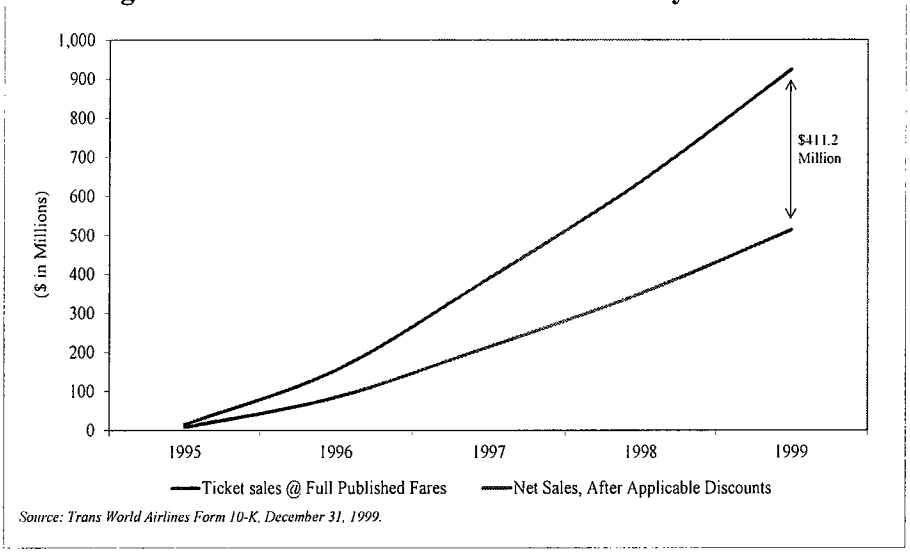
Source: Transportation Research Board, Entry and Competition in the Airline Industry, Issues and Opportunities, 1999.

In addition to the pricing pressure from Southwest Airlines, TWA also experienced pricing pressure from a discounted ticket program with Karabu, a company controlled by Carl Icahn. In June of 1995 TWA and Karabu entered into a 99-month ticket agreement which permitted Karabu to purchase discounted tickets from TWA.[127] Through this agreement, Karabu was able to purchase tickets from TWA at discounts ranging from 40% to 55%.[128] The agreement permitted Karabu to purchase two categories of discounted tickets: (1) "domestic consolidator tickets," which were subject to a cap of $610 million, based on the full retail price of tickets ($120 million in the first fifteen months and $70 million per year for seven consecutive years through the term of the agreement), and (2) "system tickets," which were not subject to any cap throughout the term of the agreement. Karabu would then market or sell the tickets through travel agents or directly to the public at rates below what TWA was offering.[129] As displayed in Figure 12 below, from 1995 through 1999, the cumulative discounts received by Karabu

[127] Trans World Airlines, Inc., Annual Report (Form 10-K) (December 31, 1999), at 24.
[128] Karabu Ticket Program Agreement, between Trans World Airlines Inc. and Karabu Corp., dated June 14, 1995.
[129] Trans World Airlines, Inc., Annual Report (Form 10-K) (December 31, 1999), at F-10; Compton Deposition at 23:10-24:7.

exceeded $411 million.[130] Consequently, TWA's revenue generating capabilities and its yield were negatively impacted.

Figure 12 : Cumulative Discount Received by Karabu



Source: Trans World Airlines Form 10-K. December 31, 1999.

Cash flows from sales of discounted tickets to Karabu were applied to reduce certain loans to TWA provided by entities controlled by Mr. Icahn ("Icahn Loans") and certain promissory notes payable by TWA to the Pension Benefit Guaranty Corporation (the "PBGC"). By December 1997, TWA had repaid the outstanding balance of the Icahn Loans out of the proceeds of a receivables securitization offering by the Company (AR Notes). By December 1998, TWA had repaid the PBGC promissory notes.[131] This arrangement remained in place until the day TWA's assets were sold to American.[132] When asked if the Karabu ticket program had an impact on TWA's financial condition, Mr. Compton responded, "[i]t helped kill TWA."[133]

[130] Data for year-end 2000 not available.
[131] Trans World Airlines, Inc., Annual Report (Form 10-K) (December 31, 1999), at F-12.
[132] Compton Deposition at 23:10-24:22.
[133] Compton Deposition at 24:10.

IV. CONCLUSION

By December 31, 2000, TWA was an airline on the verge of liquidation. TWA was beset with major structural deficiencies that resulted in the Company's gradual financial collapse, such that it could not continue operations without rescue financing. TWA had virtually no unencumbered resources from which to obtain financing under commercial terms and conditions. American, under the special conditions of DIP financing, was able to advance funds to TWA and purchase the Company in bankruptcy. The means by which American acquired TWA's assets explicitly demonstrates the lack of a viable business and a going concern. TWA's poor operating and financial condition was known to TWA's management, its competitors, the equities and debt markets, and airline industry analysts. Given TWA's dire financial condition at December 31, 2000, it is unreasonable to assume that TWA would have continued as a going concern, or as an entity that could have continued to meet its financial obligations for the foreseeable future, including those of its unionized employees. As a result, I conclude that Plaintiffs' experts are incorrect in their assumption that TWA was financially or competitively viable as a stand-alone, going-concern airline.

Respectfully submitted,

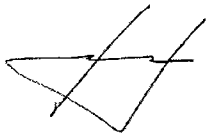


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EXHIBIT 1

JAMES S. FELTMAN
National Co-Leader – Litigation, Investigative and Intelligence Services
Mesirow Financial Consulting, LLC

Professional Profile

Mr. Feltman is the National Co-Leader of Mesirow Financial Consulting's Litigation, Investigative and Intelligence Services and has over 30 years of experience providing a broad range of litigation, forensic and investigative services. He served as an appointee with a Branch of the United States Department of Justice for over a decade. He has also served as both a consulting and testifying expert, has led cross-border forensic and investigative engagements, has been appointed as an advisor by both Federal (U.S. District and U.S. Bankruptcy) and State Courts, has served as an arbitrator and mediator and has been appointed as a Monitor by the U.S. Federal Trade Commission (FTC). Mr. Feltman has also worked with the International Monetary Fund and The World Bank in connection with banking crises in Latin America where Mr. Feltman served both in a forensic role and later as an expert witness in various litigations. Since the 1980s, Mr. Feltman has been a trustee, examiner or forensic advisor in unwinding fraud schemes and recovering assets within the U.S. and around the world. As a bankruptcy trustee, Mr. Feltman has interviewed literally thousands of witnesses and has overseen hundreds of litigation matters.

Mr. Feltman has been established as an expert in determining the underlying fact pattern, establishing liability and determining damages in a myriad of engagements. His industry specialization includes retail, manufacturing and distribution, real estate/construction, aviation, healthcare, financial services, and other industries. In his capacity as an expert, Mr. Feltman has been engaged to provide both consulting and expert testimony in the areas of money laundering, Ponzi schemes, asset tracing and recovery, accounting and financial statement reporting issues, evaluating exit strategies and alternatives, enterprise valuation, potential causes of action against certain current and former officers, directors and third parties, securities fraud, misrepresentation of valuations, alleged hedging and trading in restricted securities and bankruptcy and insolvency issues.

Frequently sourced by the media as an expert to provide commentary on issues associated with financial, fraud and malfeasance, banking and structured finance matters, officer and director malfeasance, Mr. Feltman is also a regular speaker at industry conferences. Most recently, Mr. Feltman was interviewed by Bloomberg, NPR, CNN and CNBC regarding regulatory environment in China and challenges on Chinese companies listed on U.S. markets. He was also interviewed by Compliance Week for an article titled *PCAOB Provides Audit Committees with a Roadmap on Inspection Results*. In addition, Mr. Feltman participated in Bankruptcy Litigation Roundtable for Financier Worldwide in July 2012. In May 2012, Mr. Feltman spoke on *Global Economics, Financial Fraud and Lender Liability* for the ACFA CLEW. He also spoke in April 2012 at the ABI's Annual Spring Meeting regarding *Commercial Real Estate Trends, Workouts, and Reorganizations*. In January 2012, Mr. Feltman was interviewed by Fox News Live for a segment titled *Will More Banks Fail in 2012*.

Industry Experience

Aviation	Healthcare	Real Estate/Construction
Financial Services	Manufacturing and Distribution	Retail

Select Aviation Experience

AMR Corporation - Retained to serve as financial advisor to the Official Committee of Unsecured Creditors of AMR Corporation ("AMR"). Efforts to date have included review and analysis of First Day motions, cash balances, weekly cash flows, Section 1110 claims, industry and competition. Additional services include reviewing business plan, fleet plan and aircraft financing.

Delta Air Lines, Inc. – Served as co-financial advisor to the Official Committee of Unsecured Creditors of Delta Air Lines, Inc., one of the nation's largest airlines. Services included operational assessment, domestic, international and regional fleet analysis, including Section

1110 and related initiative, cost savings-structural and operational, fleet utilization, operational and financial analysis of the Plan of Transformation, merger and acquisition analysis and industry benchmarking.

UAL Corporation – Served as financial advisor to the Official Committee of Unsecured Creditors of UAL Corporation (United Airlines), the nation's second largest airline. Services included analyzing debtor-in-possession financing and liquidity, evaluating potential employee retention and severance plans, analyzing assumption and rejection issues regarding aircraft leases, licenses and executory contracts, monitoring financial results, reviewing business plans, analyzing valuation and distribution scenarios, evaluating merger and disposition scenarios and evaluating reorganization operating and financial strategies.

Atlas Air Worldwide Holdings Inc. – Served as financial advisor to Atlas Air Worldwide Holdings Inc. in its Chapter 11 bankruptcy and related restructuring. The company is a worldwide cargo carrier that operates the largest Boeing 747 fleet in the world through its operating subsidiaries, Atlas Air, Inc. and Polar Air Cargo, Inc. Services included assessing the business plan and restructuring strategy, reviewing different plan scenarios and strategies, providing expert witness testimony on plan feasibility, analyzing substantive consolidation issues, reviewing financial and operating results, analyzing DIP financing and liquidity, analyzing assumption and rejection issues regarding executory contacts, analyzing creditor claims, and assisting in bankruptcy reporting requirements.

Grupo Taca Holdings S.A. ("Grupo Taca") and Affiliates – Grupo Taca is a privately owned group of repair station, freighter and national and international passenger carriers operating both a jet and turbo-prop fleet of approximately 100 aircraft. Post September 11, 2001, Mr. Feltman acted as the senior restructuring advisor to Grupo Taca and assisted the group of companies in an out-of-court arrangement with certain of its senior creditors.

Aerial Transit – Aerial Transit was a company that transported cargo to the Caribbean and South America through Miami. The Company sought bankruptcy protection due to operational and financial issues. As a court-appointed Examiner and Liquidating Trustee, Mr. Feltman managed the Company's business affairs and ultimately negotiated for sale of the aircraft, parts, accounts receivable and operating certificates.

Aero Systems – Mr. Feltman acted as Liquidating Trustee to wind up sale and dissolution of bankrupt engine and overhaul service provider.

AeroFloral – Mr. Feltman, acting as Trustee, managed the business affairs of and liquidated an air cargo carrier and refrigerated warehouse operator. This company specialized in the transport and distribution of perishable commodities including floral product and consumables (fruit, fish etc.).

Aero Peru – Peru's national airline, Aero Peru, carried both passengers and cargo, and sought the equivalent of bankruptcy protection in Peru. The Company's U.S. operations were placed in an Ancillary Proceeding and Mr. Feltman was appointed as the Trustee for the U.S. component of the Aero Peru bankruptcy. Through negotiations and litigation both in the United States and Peru, Mr. Feltman liquidated the remaining assets and claims of the former airline. These negotiations included government agencies within Peru, labor unions and the Company's former business partners, including foreign national airlines.

Aviation Composites Services – Mr. Feltman, acting as Trustee, operated and liquidated an aircraft component overhaul and repair facility. This company specialized in the rebuilding

and repair of aircraft frames, doors, flaps, rudders and wing parts.

Fine Air Services Corp. – Fine Air was a large, privately owned international cargo carrier operating a 25 aircraft fleet. Fine Air's primary business was as a schedule cargo carrier, operating on a worldwide basis. Mr. Feltman was the Senior Financial Advisor to the Company prior to and during the Company's Chapter 11 bankruptcy. The Company was ultimately sold and is now operated under the name of it's former subsidiary, Arrow Air.

Gemini Air Cargo – A South Florida-based freighter ACMI and charter airline filed for Chapter 11 relief in late 2005. Mr. Feltman was retained by the DIP lender and equity sponsor to provide expert testimony on the value of the reorganized entity at exit from Chapter 11. The company submitted a plan of reorganization and has since successfully exited Chapter 11.

International Aircraft Leasing – Mr. Feltman, acting as Chairman of the Creditors Committee, is negotiating various settlements of litigation matters including a $500MM+ failed leverage buyout of an aircraft lessor.

Phoenix Continental Corp. – Mr. Feltman, acting as Trustee, operated and liquidated a privately owned aircraft leasing business. This company owned and leased approximately 40 aircraft located primarily within the contiguous United States.

Piper Aircraft – Mr. Feltman, acting on behalf of a proposed acquirer, performed due diligence and related transaction services for the acquisition of the Piper Aircraft manufacturer.

Rich International Airways – Rich International Airways was a large privately owned scheduled and chartered passenger airline operating internationally. Mr. Feltman was retained and acted as financial advisors for the Company, in conjunction with its Chapter 11 filing. Mr. Feltman was retained on a post-petition basis to act as Liquidating Trustee in the disposition of aircraft, engines and parts and to pursue litigation claims.

Confidential - Mr. Feltman and Mesirow Financial Consulting were engaged by a publically traded regional passenger carrier to serve as investment bankers sourcing debt and equity in a recapitalization.

Education

M.P.S., Cornell University
B.A., University of Wisconsin, Madison

Professional Certifications

Certified Public Accountant - Florida
Certified Fraud Examiner
Certified in Financial Forensics

Professional Associations

American Bankruptcy Institute, board of directors - 4/02 - 4/08
American Institute of Certified Public Accountants, member
Florida Institute of Certified Public Accountants, member

Honors and Awards

Fellow, American College of Bankruptcy

Speaking Engagements

- Compliance Week – January 2013
  No Clear Solutions in Audit Standoff with China
- Reuters.com – January 2013
  Chinese Companies Retreat from U.S. Listings as Scrutiny Mounts
- Bloomberg – December, 2012
  SEC Auditor Case Seen Jeopardizing Chinese U.S. Listings
- CNBC – December 2012
  US/China Regulatory Standoff
- National Public Radio – December, 2012
  Feds Sue Chinese Audit Firms
- Industry Week – December, 2012
  Regulatory Clash: Lessons Learned through an East-Meets-West Dispute
- Compliance Week – August 2012
  PCAOB Provides Audit Committees with a Roadmap on Inspection Results
- CNN – July 2012
  Challenges for Chinese Companies listed on US markets
- CNBC – July 2012
  Regulatory Environment in China
- Financier Worldwide – July 2012
  Bankruptcy Litigation Roundtable (Article)
- The Association of Commercial Finance Attorneys CLEW – May 2012
  Global Economics, Financial Fraud and Lender Liability
- The American Bankruptcy Institute 30th Annual Spring Meeting – April 2012
  Commercial Real Estate Trends, Workouts, and Reorganizations
- Fox News Live – January 2012
  Will More Banks Fail in 2012?
- Anti-Corruption Compliance Program – October 2011
  The Gathering Storm: Anti-Corruption Compliance for Private Equity and Hedge Funds
- National Conference of Bankruptcy Judges – October 2011
  Financial Advisors in the Courtroom
- Webinar – October 2011
  China's Red Flag: What Chinese companies must do to overcome issues surrounding transparency with the global investor community
- The OffShore Alert Conference – April 2011
  Offshore But Not Off-Limits: How Fraud Victims Can Obtain Relief in OFCs
- The American Bankruptcy Institute 29th Annual Spring Meeting – March 2011
  Cutting-Edge Litigation Issues: Ponzi Schemes, the Return of the Leveraged Buyouts, Valuation Disputes and More
- American College of Bankruptcy – March 2011
  Capital Markets Update
- American Bankruptcy Institute – December 2010
  Ponzi Scheme Cases: A New Look at Potential Sources of Recovery
- FT Financial Restructuring Conference (London) – September 2010
  Considerations for Turnaround Investing
- American Bankruptcy Institute – July 2010
  Ponzi Schemes and Other Scams for Bilking Money, from Madoff to Consumer Rip-offs
- American Bankruptcy Institute – August 2009

Ethical Issues for Lawyers Representing "Unusual" Clients

- American Bankruptcy Institute – August 2009
  Prove It! Evidence in Bankruptcy Proceedings
- Kellogg Turnaround Management Conference – April, 2009
  Negotiating in Creditors' Committees
- Distressed Acquisitions for Strategic Advantage – September 2008
  Analyzing the Risks of Absorbing a "Sick" Company – Do I Have the Right Team?
- VALCON – January 2008
  Restructuring Options for Homebuilders, What's Different This Time?
- American Bankruptcy Institute – December 2007
  Current Topics for Creditor Committees
- National Conference of Bankruptcy Judges – October 2007
  Where Will Bankruptcy Work Come From in 2008?
- American Bankruptcy Institute – July 2007
  Effective Pre-Bankruptcy Negotiating and Packaging
- American Bankruptcy Institute – July 2007
  Drivers Impacting Credit and Capital Marketplace
- Association of Commercial Finance Attorneys – June 2007
  Asset Based Lending
- American Bankruptcy Institute – Annual Spring Meeting, April 2007
  Pensions and Benefits in Bankruptcy
- American Bankruptcy Institute – Caribbean Insolvency Symposium, February 2007
  Liquidating Cross-Border Assets and Recovering Cross-Border Claims
- National Association of Credit Management, January 2007
  Deepening Insolvency
- 13th Annual Aircraft Financing Forum, October 2006
  The Bankruptcy & Restructuring Process: Current Airline and Creditor Issues
- American Bankruptcy Institute, September 2006
  London International Insolvency Symposium - Aviation Panel
- National Association of Credit Management, January 2006
  2006 Outlook and Current Topics (regarding distressed retailers)
- American Bankruptcy Institute, December 2005
  Solemn Promise or Past Sin? Implications of Pension Terminations
- The Distressed Debt Summit, October 2005
  Examining the Airline Industry: Where Does the Opportunity Lie?
- The Distressed Debt Summit, October 2005
  Probing the Emerging Theory of Deepening Insolvency
- National Association of Credit Management, July 2004
  Retailing Update
- National Association of Certified Valuation Analysts, June 2004
  Exploring Investigative Techniques in Bankruptcy Fraud Cases
- American Conference Institute – Chapter 11 Finance, April 2004
  Structuring Exit Financing & Post Confirmation Arrangements
- American Bankruptcy Institute, February 2004
  Section 363 and the Emperor's New Cloths – the Good, the Bad, and the Ugly of Asset Sales
- American Bankruptcy Institute, December 2003
  Turf Wars Among Restructuring Professionals
- LatinFinance, November 2003
  Turnaround Management and Corporate Restructuring in Latin America

- American Bankruptcy Institute, July 2003
  Workout and Turnaround Skills
- 2003 Multi-Discipline Conference, July 2003
  Bankruptcy / The Ins and Outs / New Developments and Solutions for Preferences
- American Bankruptcy Institute, January 2003
  New Developments in Corporate Fraud
- American Institute of CPA's, November 2002
  Advanced Litigation Issues In Bankruptcy
- American Bankruptcy Institute, April 2002
  Various Topics In Bankruptcy
- Renaissance American Management, Inc. & Beard Group, March 2002
  Distressed Companies In Healthcare
- Association of Insolvency & Restructuring Advisors, August 2001
  Business Valuation in Bankruptcy
- Renaissance American Management, Inc. & Beard Group, March, 2000
  Healthcare Restructurings

Testimony Experience

Style	Case No.	Jurisdiction	Appointment Date	Type/Role	Party
Goldberg v. Goldberg	03 DR 1	District Court Pitkin County, Colorado	3/1/2005	Deposition	Plaintiff
Certified HR Services Company f/k/a The Cura Group, Inc.	05-22912-BKC-RBR	U.S. Bankruptcy Court Southern District of Florida	5/25/2005	Court/Report/ Deposition	Debtor
E.S. Bankest, L.C. v. BDO Seidman, LLP, BDO International B.V., Sandor Lenner and Keith Ellenberg	04-17602-BKC-AJC (06-1220-AJC)	Eleventh Judicial Circuit of Florida	3/1/2006	Court/ Deposition	Plaintiff
The 1031 Tax Group, LLC, *et al.*	07-B-11448 (MG)	U.S. Bankruptcy Court Southern District of New York	5/1/2007	Court	Creditors
Peninsula Mortgage Bankers Corporation	05-15121-BKC-RAM	U.S. Bankruptcy Court Southern District of Florida	5/4/2007	Report	Plaintiff
Michael I. Goldberg, as Receiver for Worldwide Entertainment, Inc, *et al.* vs Lyn Chong and Kevin Carl Wills, Jr.	07-20931-CIV-HUCK	U.S. District Court Southern District of Florida	5/30/2007	Report	Defendant
Richard Beattie and Michelle Beattie vs. Berger Singerman, P.A., Brian Rich, Esquire, and Phyllis Bean, Esquire	Case No. 32 180 Y 00572 06	American Arbitration Association	7/11/2007	Report	Defendant
UBS Securities, LLC v. Healthsouth Corporation	CV 02-5212	U.S. District Court Northern District of Alabama	11/16/2007	Report/ Deposition	Defendant
George E. Batchelor, *et al.* vs. Deloitte & Touche, LLP and BDO Seidman, LLP	Case No. 02-07135 CA 04	Eleventh Judicial Circuit of Florida	2/1/2008	Report/ Deposition	Plaintiff
Le-Nature's, Inc., *et al.*	06-25454 (MBM)	U.S. Bankruptcy Court Western District of Pennsylvania	5/2/2008	Court/Report	Creditors
Syntax-Brillian Corporation, *et al.*	Case No. 08-11407(BLS)		9/2/2008	Court/Report	Court
Harris N.A., v Pricewaterhouse Coopers LLP	05 L 010760	Circuit Court of Cook County, IL	10/29/2008	Report/ Deposition	Plaintiff
Frederick J. Grede, as Liquidation Trustee of the Sentinel Liquidation Trust v McGladrey & Pullen, LLP	08 C 2205	U.S. District Court Northern District of Illinois	1/28/2009	Report/ Deposition	Plaintiff

Style	Case No.	Jurisdiction	Appointment Date	Type/Role	Party
and G. Victor Johnson					
Frederick J. Grede, as Liquidation Trustee of the Sentinel Liquidation Trust v Bank of New York	08 C 2582	U.S. District Court - Northern District of Illinois	1/28/2009	Court/Report/ Deposition	Plaintiff
Frederick J. Grede, as Liquidation Trustee of the Sentinel Liquidation Trust v FC Stone	09-00-136	U.S. District Court - Northern District of Illinois	1/28/2009	Court/Report/ Deposition	Plaintiff
Frederick J. Grede, as Liquidation Trustee of the Sentinel Liquidation Trust v FTN	08 CV 6587	U.S. District Court - Northern District of Illinois	1/28/2009	Report	Plaintiff
Morton S. Goldfine, *et al.*, v Barack Ferrazzano Kirschbaum Perlman & Nagelberg LLP, *et al.*	05 L 006360	Circuit Court of Cook County, IL	6/8/2009	Court/Report/ Deposition	Plaintiff
AASI Creditor Liquidating Trust v. Samsung Semiconductor, Inc.	Case No. 09-01443-LMI-A	U. S. District Court Southern District of Florida	8/11/2009	Report	Plaintiff
Tradewinds Airlines, Inc., Tradewinds Holdings, Inc., and Coreolis Holdings, Inc., Third-Party Plaintiffs v. C-S Aviation Services	03 CVS 12215	Superior Court County of Guilford, North Carolina	9/15/2009	Court/Report/ Deposition	Plaintiff
Consejo De Defensa Del Estado De La Republica De Chile, v Espirito Santo Bank	09-20613-CIV-GRAHAM / TORRES	U. S. District Court Southern District of Florida	9/20/2009	Report	Defendant
Lakehouse West Ltd. *et al.* v Bank of America, N.A.		American Arbitration Association	10/1/2009	Court	Defendant
Urbana Holdings, LLLP vs. Bank of America, N.A., Banc of America Securities, LCC, and Richard A. Gonsalves, individually	08-47824-CA-40	Circuit Court - Miami-Dade County, Florida	10/1/2009	Report/ Deposition	Defendant
Amaranth, LLC vs. JP Morgan Chase and Company	Case No. 603756-07	Supreme Court of the State of New York	6/29/2010	Report	Defendant
Howard M. Ehrenberg, Chapter 7 Trustee v BDO Seidman, LLP	Case No. 13 107 Y 0032909	American Arbitration Association	10/18/2010	Report	Plaintiff
Rothstein Rosenfeldt Adler P.A.	09-34791-BKC-RBR	U.S. Bankruptcy Court Southern District of Florida	1/28/2011	Court/Report	Plaintiff
SunTrust Bank, v Richard E. Larsen, Esq., as individual and Larsen & Associates, P.A.,	N/A		4/13/2011	Report	Defendant
Fisher Island Investments, Inc.; Mutual Benefits Offshore Fund, Ltd., Little Rest Twelve Inc.	11-17047-BKC-AJC 11-17051-BKC-AJC 11-17061-BKC-AJC	U.S. Bankruptcy Court Southern District of	4/19/2011	Court/Report	Court

Style	Case No.	Jurisdiction	Appointment Date	Type/Role	Party
		Florida			
Aurelius Capital Master, Ltd. and others v. The Minister for Finance – Republic of Ireland			4/1/2011	Report	Plaintiff

EXHIBIT 2

In performing my review and in preparing my expert report I, and others under my direction, have reviewed, in whole or in part, the following documents:

1. SEC Filings:
    - Trans World Airlines, Inc. September 30, 2000 Form 10Q
    - Trans World Airlines, Inc. June 30, 2000 Form 10Q
    - Trans World Airlines, Inc. March 30, 2000 Form 10Q
    - Trans World Airlines, Inc. December 31, 1999 Form 10K
    - Trans World Airlines, Inc. December 31, 1998 Form 10K
    - Trans World Airlines, Inc. December 31, 1997 Form 10K
    - AirTran Holdings, Inc. June 30, 2001 Form 10Q
    - AirTran Holdings, Inc. March 31, 2001 Form 10Q
    - AirTran Holdings, Inc. December 31, 2000 Form 10K
    - AirTran Holdings, Inc. June 30, 2000 Form 10Q
    - AirTran Holdings, Inc. March 31, 2000 Form 10Q
    - AirTran Holdings, Inc. December 31, 1999 Form 10K
    - AirTran Holdings, Inc. December 31, 1998 Form 10K
    - AirTran Holdings, Inc. December 31, 1997 Form 10K
    - Alaska Air Group, Inc. June 30, 2001 Form 10Q
    - Alaska Air Group, Inc. March 31, 2001 Form 10Q
    - Alaska Air Group, Inc. December 31, 2000 Form 10K
    - Alaska Air Group, Inc. June 30, 2000 Form 10Q
    - Alaska Air Group, Inc. March 31, 2000 Form 10Q
    - Alaska Air Group, Inc. December 31, 1999 Form 10K
    - Alaska Air Group, Inc. December 31, 1998 Form 10K
    - Alaska Air Group, Inc. December 31, 1997 Form 10K
    - America West Holdings Corporation June 30, 2001 Form 10Q
    - America West Holdings Corporation March 31, 2001 Form 10Q
    - America West Holdings Corporation December 31, 2000 Form 10K
    - America West Holdings Corporation June 30, 2000 Form 10Q
    - America West Holdings Corporation March 31, 2000 Form 10Q
    - America West Holdings Corporation December 31, 1999 Form 10K
    - America West Holdings Corporation December 31, 1998 Form 10K
    - America West Holdings Corporation December 31, 1997 Form 10K
    - AMR Corporation June 30, 2001 Form 10Q
    - AMR Corporation March 31, 2001 Form 10Q
    - AMR Corporation December 31, 2000 Form 10K
    - AMR Corporation June 30, 2000 Form 10Q
    - AMR Corporation March 31, 2000 Form 10Q
    - AMR Corporation December 31, 1999 Form 10K
    - AMR Corporation December 31, 1998 Form 10K
    - AMR Corporation December 31, 1997 Form 10K
    - AmTran, Inc. June 30, 2001 Form 10Q
    - AmTran, Inc. March 31, 2001 Form 10Q
    - AmTran, Inc. December 31, 2000 Form 10K

- AmTran, Inc. June 30, 2000 Form 10Q
- AmTran, Inc. March 31, 2000 Form 10Q
- AmTran, Inc. December 31, 1999 Form 10K
- AmTran, Inc. December 31, 1998 Form 10K
- AmTran, Inc. December 31, 1997 Form 10K
- Continental Airlines, Inc. June 30, 2001 Form 10Q
- Continental Airlines, Inc. March 31, 2001 Form 10Q
- Continental Airlines, Inc. December 31, 2000 Form 10K
- Continental Airlines, Inc. June 30, 2000 Form 10Q
- Continental Airlines, Inc. March 31, 2000 Form 10Q
- Continental Airlines, Inc. December 31, 1999 Form 10K
- Continental Airlines, Inc. December 31, 1998 Form 10K
- Continental Airlines, Inc. December 31, 1997 Form 10K
- Delta Air Lines, Inc. June 30, 2001 Form 10Q
- Delta Air Lines, Inc. March 31, 2001 Form 10Q
- Delta Air Lines, Inc. December 31, 2000 Form 10K
- Delta Air Lines, Inc. June 30, 2000 Form 10K
- Delta Air Lines, Inc. March 31, 2000 Form 10Q
- Delta Air Lines, Inc. December 31, 1999 Form 10Q
- Delta Air Lines, Inc. June 30, 1999 Form 10K
- Delta Air Lines, Inc. December 31, 1998 Form 10Q
- Delta Air Lines, Inc. June 30, 1998 Form 10K
- Delta Air Lines, Inc. December 31, 1997 Form 10Q
- Delta Air Lines, Inc. December 31, 1996 Form 10Q
- Southwest Airlines Co. June 30, 2001 Form 10Q
- Southwest Airlines Co. March 31, 2001 Form 10Q
- Southwest Airlines Co. December 31, 2000 Form 10K
- Southwest Airlines Co. June 30, 2000 Form 10Q
- Southwest Airlines Co. March 31, 2000 Form 10Q
- Southwest Airlines Co. December 31, 1999 Form 10K
- Southwest Airlines Co. December 31, 1998 Form 10K
- Southwest Airlines Co. December 31, 1997 Form 10K
- Northwest Airlines Corporation June 30, 2001 Form 10Q
- Northwest Airlines Corporation March 31, 2001 Form 10Q
- Northwest Airlines Corporation December 31, 2000 Form 10K
- Northwest Airlines Corporation June 30, 2000 Form 10Q
- Northwest Airlines Corporation March 31, 2000 Form 10Q
- Northwest Airlines Corporation December 31, 1999 Form 10K
- Northwest Airlines Corporation December 31, 1998 Form 10K
- Northwest Airlines Corporation December 31, 1997 Form 10K
- UAL Corporation June 30, 2001 Form 10Q
- UAL Corporation March 31, 2001 Form 10Q
- UAL Corporation December 31, 2000 Form 10K
- UAL Corporation June 30, 2000 Form 10Q
- UAL Corporation March 31, 2000 Form 10Q
- UAL Corporation December 31, 1999 Form 10K

- UAL Corporation December 31, 1998 Form 10K
- UAL Corporation December 31, 1997 Form 10K
- US Airways Group, Inc. June 30, 2001 Form 10Q
- US Airways Group, Inc. March 31, 2001 Form 10Q
- US Airways Group, Inc. December 31, 2000 Form 10K
- US Airways Group, Inc. June 30, 2000 Form 10Q
- US Airways Group, Inc. March 31, 2000 Form 10Q
- US Airways Group, Inc. December 31, 1999 Form 10K
- US Airways Group, Inc. December 31, 1998 Form 10K
- US Airways Group, Inc. December 31, 1997 Form 10K

2. Analyst Reports:
   - Standard and Poor's, *Industry Surveys, Airlines*, November 4, 1999
   - Standard and Poor's, *Industry Surveys, Airlines*, May 6, 1999
   - Standard and Poor's, *Industry Surveys, Airlines*, July 20, 2000
   - Standard and Poor's, *Industry Surveys, Airlines*, March 29, 2001
   - Standard and Poor's, *Industry Surveys, Airlines*, September 26, 2002
   - Salomon Smith Barney, *Equity Research: Airlines*, June 4, 2001
   - ABN AMRO, *The Airline Industry- Major Carriers*, May 2001
   - ABN AMRO, *The Four Horsemen of the Apocalypse Plague the Airlines*, May 2001
   - ABN AMRO, *The Airline Industry – Major Carriers*, May 2001
   - Credit Suisse First Boston, Equity Research, *Airline Trends and Analysis*, May 2001
   - ING Barings, Airlines, *Massive Industry Consolidation May Not be as Close as Many Think*, January 29, 2001
   - Morgan Stanley, Equity Research North America: *Airlines, 4Q00 Earnings Preview*, January 12, 2001
   - ING Barings, *Airlines Update – Q400 and Y200 Outlook*, January 11, 2001
   - Credit Suisse First Boston, *AM Call, Airlines, AMR to Purchase TWA, Significant US Airways Assets*, January 11, 2001
   - ING Barings, Airlines, *Fourth-Quarter 2000 Earnings Under Continuing Pressure from Fuel Costs*, December 2000
   - Salomon Smith Barney, *Equity Research: Airlines*, December 6, 2000
   - ING Barings, Airlines, *Third-Quarter 2000 Industry Report*, November 21, 2000
   - Credit Suisse First Boston, Equity Research: Airlines, *UAL/US Airways Merger Faces Uphill Battle; Impact of Election Outcome/Industry Developments May Surprise*, November 14, 2000
   - PaineWebber, *Airlines: Day 4 - NWAC, TWA, UAL - UAL Rating Reduced*, October 20, 2000
   - ING Barings, Airlines, September Traffic Reports and Third-Quarter Outlook, October 13, 2000
   - Salomon Smith Barney, *Equity Research: Airlines*, September 20, 2000
   - Morgan Stanley, *Airlines 2Q00 Recap*, August 18, 2000

- ING Barings, *Mid-Year 2000 Airline Industry Report*, August 2000
- Deutsche Bank, *Airline Earnings Wrap-Up*, August 7, 2000
- Morgan Stanley, *Global Aviation Quarterly - Summer 2000 - Statistics for Airline Investing*, July 6, 2000
- ING Barings, *Airline Consolidation: Short-Term Pain for Long-Term Gain*, June 29, 2000
- Morgan Stanley, *U.S. Airlines EETC Update*, June 6, 2000
- Salomon Smith Barney, *2001 Outlook*, May 15, 2000
- Deutsche Bank , *Airline Earnings Wrap-Up- A Review of 1Q00*, May 10, 2000
- Salomon Smith Barney, *Equity Research: Airlines*, May 5, 2000
- Piper Jaffray, *Airline EETCs*, April 1, 2000
- Salomon Smith Barney, *Equity Research: Airlines*, March 17, 2000
- ING Barings, *2000 Industry Outlook*, February 22, 2000
- Salomon Smith Barney, *Equity Research: Airlines*, December 23, 1999
- Donaldson, Lufkin & Jenrette, *Transportation – Airlines*, December 22, 1999
- Deutsche Bank, *U.S. Airline Industry – 3Q99 Fleet and Capacity Update*, December 20, 1999
- The Buckingham Research Group, *Airline Industry Review*, December 14, 1999
- Salomon Smith Barney, *Equity Research: Airlines*, December 9, 1999
- Deutsche Bank, *U.S. Airline Industry Monthly*, December 6, 1999
- Deutsche Bank, *U.S. Airline Industry Monthly*, November 4, 1999
- CIBC World Markets, *Airline Competition at the 50 Largest U.S. Airports – Update*, November 1, 1999
- PaineWebber, *Airlines: Sept. Earnings – Day 3*, October 21, 1999
- The Buckingham Research Group, *Airline Industry Review*, October 15, 1999
- Deutsche Bank, *Airline Industry 3Q99 Preview*, October 14, 1999
- Morgan Stanley, *Equity Research Briefing Note*, October 4, 1999
- Bear Sterns, *Commercial Aviation: Will There Be a Winner?*, October 1, 1999
- Donaldson, Lufkin & Jenrette, *Airlines*, September 10, 1999
- Salomon Smith Barney, *Equity Research: Airlines*, August 24, 1999
- Salomon Smith Barney, *Equity Research: Airlines*, August 3, 1999
- Deutsche Bank, *Airline Industry 2Q99 Preview*, July 13, 1999
- The Buckingham Research Group, *Airline Industry Review*, June 4, 1999
- Piper Jaffray, *Airline EETCs*, June 1, 1999
- Credit Suisse First Boston, *Airlines: Pressures Mounting, But Few Major Obstacles for the Majors After Four Great Years*, June 1, 1999
- Salomon Smith Barney, *Equity Research: Airlines – We Launch 2000 Estimates*, May 20, 1999
- Salomon Smith Barney, *Equity Research: Airlines – First Quarter 1999 Wrap-Up/Second Quarter 1999 Outlook*, May 3, 1999
- Bear Sterns, *Airline Management Survey*, May 1, 1999

- CIBC Oppenheimer, *The U.S. Airline Industry, 1998-2003E — Aircraft Fleet Analysis*, April 30, 1999
- Salomon Smith Barney, *Airlines: 1999 Hub Factbook*, February 26, 1998
- Salomon Smith Barney, *1999 Airline Fleet Handbook*, February 26, 1999
- Salomon Smith Barney, *Airlines: Fourth Quarter Wrap-Up/1999 Outlook*, February 9, 1999
- Robinson-Humphrey, *Eight Annual Regional Airline Conference,* February 2, 1999
- CIBC Oppenheimer, *Airline Competition at the 50 Largest U.S. Airports—Update*, December 18, 1998
- ING Barings, *Expecting Better-than-Average Growth for Selective Carriers*, December 8, 1998
- Salomon Smith Barney, *Airlines: Biting the Bullet on 1999*, October 19, 1998
- BT Alex Brown Research, *U.S. Airline Industry A Look At How The Major And Regional Airlines Are Positioned To Weather The Next Recession*, October 15, 1998
- Credit Suisse First Boston, *The Radar Screen – Volume II, No. 22 What Will It Take to Turn Airline Stocks Around,* September 15, 1998
- Warburg Dillon Read, *Airline Quarterly Review*, August 27, 1998
- ING Barings, *The Airline Industry – 2Q98*, August 10, 1998
- Salomon Smith Barney, *Second Quarter Wrap-Up/Third Quarter Outlook*, July 31, 1998
- Salomon Smith Barney, *U.S. Airline Valuation Guide*, July 22, 1998
- Morgan Stanley, *Airline Industry Review: Flying High*, June 16, 1998
- Warburg Dillon Read, *Airline Quarterly Review*, May 27, 1998
- BT Alex Brown Research, *U.S. Airlines Industry*, March 26, 1998
- Salomon Smith Barney, *Airline Competition at the 50 Largest U.S. Airports—Update*, March 12, 1998
- Donaldson, Lufkin & Jenrette, *Equity Research: Airlines*, March 10, 1998
- Robinson-Humphrey, *Seventh Annual Regional Airline Conference*, February 3, 1998
- Morgan Stanley, *Regional Airlines Monthly*, January 14, 1998
- Credit Suisse First Boston, Radar Screen, *The 1998 Collision Avoidance System – Flying Over Obstacles to Outperformance*, January 13, 1998
- Mergent Inc. – Company Report, Trans World Airlines, Inc., February 1, 2001
- Mergent Inc. – Company Report, Trans World Airlines, Inc., December 7, 2000
- Mergent Inc. – Company Report, Trans World Airlines, Inc., November 9, 2000
- Mergent Inc. – Company Report, Trans World Airlines, Inc., September 28, 2000
- CIBC World Markets, *Lowering 3Q00 Forecast EPS*, September 13, 2000
- Mergent Inc. – Company Report, Trans World Airlines, Inc., August 17, 2000

- Mergent FIS – History & Debt, Trans World Airlines, Inc., July 25, 2000
- Mergent Inc. – Company Report, Trans World Airlines, Inc., July 21, 2000
- Mergent Inc. – Company Report, Trans World Airlines, Inc., June 15, 2000
- Mergent FIS – History & Debt, Trans World Airlines, Inc., April 4, 2000
- Mergent Inc. – Company Report, Trans World Airlines, Inc., March 30, 2000
- Salomon Smith Barney, *TWA: 3Q99 Earnings Results*, October 21, 1999
- CIBC World Markets, *Lowering EPS Estimates*, October 12, 1999
- CIBC World Markets, *1Q99 EPS Results*, April 28, 1999
- ING Barings, *Trans World Airlines New Management Making Progress*, August 11, 1998
- Salomon Smith Barney, *Trans World Airlines, Uneven Turnaround in Progress*, July 21, 1998
- Morgan Stanley, *Trans World Airlines*, June 2, 1998

3. TWA Bankruptcy Documents:
   - Affidavit of Michael J. Palumbo, Executive Vice President and Chief Financial Officer of the Debtors in Support of First Day Motions
   - Motion of the Debtors for an Order Pursuant to Sections 105(a), 363, and 1146(c) of the Bankruptcy Code (i) Authorizing the Debtors' Sale of Substantially All of their Assets, Free and Clear of Liens, Claims, and Encumbrances, Subject to Higher and Better Offers (ii) Approving an Asset Purchase Agreement; and (iii) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with Such Sale
   - Debtors' Amended Motion for Order (A) Authorizing and Scheduling a Public Auction at which the Debtors will Solicit Bids for the Sale of Substantially All of their Assets, Free and Clear of Liens, Claims, and Encumbrances; (B) Approving Procedures for the Submission of Competing Offers; (C) Approving Certain Termination Rights, Expense Reimbursement and Other Bidding Rights Provisions; (D) Scheduling a Hearing to Consider Approval of Such Sale; and (E) Approving the Form and Manner of Notice of the Auction and Competing Offer Procedures Pursuant to Fed. R. Bankr. Proc. 2002
   - Final Order (i) Authorizing Debtors to Enter into Postpetition Financing Agreement and Obtain Postpetition Financing Pursuant to Section 346(c) of the Bankruptcy Code and (ii) Granting Liens and Super-Priority Claims
   - Order (A) Authorizing and Scheduling an Auction at which the Debtors will Solicit Bids for One or More Sales of or Other Transactions Concerning Substantially All of their Assets, Free and Clear of Liens, Claims, and Encumbrances; (B) Approving Procedures for the Submission of Competing Offers; (C) Approving Certain Termination Rights, Expense Reimbursement and Other Bidding Rights Provisions; (D) Scheduling a

Hearing to Consider Approval of Such Transaction; and (E) Approving the Form and Manner of Notice of the Transactions and Competing Offer Procedures Pursuant to Fed. R. Bankr. Proc. 2002

- Palumbo Testimony, First Day Motions, January 10, 2001
- Judge Peter J. Walsh Opinion, April 2, 2001
- Notice of Appearance by Air Line Pilots Association and Request for Service of Documents
- Response of the Air Line Pilots Association to Objections of the Ad Hoc Committee of Senior Noteholders and HSBC Bank USA, as Indenture Trustee, to Debtors' Motion for An Order Approving the Sale of Substantially All of the Debtors' Assets
- Statement of the Air Line Pilots Association to Debtors' Motions for (a) Order Authorizing and Scheduling Public Auction and Approving Bidding Procedures, Termination Rights, Expense Reimbursement and Other Bidding Rights and Provisions and (b) Final Order Approving Post-Petition Financing and Granting Related Relief
- Opposition of AMR Corp., American Airlines, Inc., and AMR Finance, Inc. to Continental Airlines, Inc.'s Motion to Stay Bidding Procedures Order and Postpetition Financing Order Pending Appeal
- Response of AMR Corp., American Airlines, Inc., and AMR Finance, Inc. to Various Airport Authorities' Motion for Reconsideration or to Alter/Amend Final Order Authorizing Debtors to Enter Into Postpetition Financing Agreement
- Objection of Statutory Committee of Unsecured Creditors to Debtors' Motion for Authority to Sell Substantially All of their Assets, and to Assume and Assign Specified Executory Contracts to American Airlines, Inc.
- Opposition of Statutory Committee of Unsecured Creditors of Trans World Airlines, Inc. to Motion of Continental Airlines, Inc. for Stay Pending Appeal
- Response of Statutory Committee of Unsecured Creditors to Debtors' Motion for Order Approving Procedures for, and Establishing the Date, Time, and Place for Hearing on (A) the Assumption, Assignment and/or modification of Certain Executory Contracts and Unexpired Leases; and (B) Rejection of Certain Executory Contracts and Unexpired Leases of the Debtors
- Notice of Continental Airlines, Inc.'s Motion to Stay Court's Bidding Procedures Order and Postpetition Financing Order Pending Appeal, Pursuant to Fed. R. App. P. 8(A) and Fed. R. Civ. P. 62(C)
- Declaration of Bruce Grohsgal in Support of TWA's Opposition to Motions for Stay by the High River Entities, the Official Committee of Unsecured Creditors and the Ad Hoc Committee of Senior Noteholders
- Motion to Shorten Time, and to Approve Form of Notice
- Order Pursuant to Sections 105(a), 363, 365, and 1146(c) of the Bankruptcy Code (i) Authorizing the Debtors' Sale of Substantially All of their Assets, Free and Clear of Liens, Claims, and Encumbrances; (ii)

Approving An Asset Purchase Agreement; and (iii) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with Such Sale

- Brief in Support of Motion for Order Directing the Appointment of an Official Committee of Equity Security Holders
- Notice of Appearance and Request for Service of Notices and Papers
- Motion for Order Directing the Appointment of An Official Committee of Equity Security Holders
- Emergency Motion to Shorten Notice and for Expedited Hearing on the Statutory Committee of Unsecured Creditors of Trans World Airlines, Inc., et al. Motion for Stay Pending Appeal Respecting Sale Order
- Motion by Trans World Airlines, Inc. for an Order Authorizing Rejection of Certain of Its Collective Bargaining Agreements Pursuant to 11 U.S.C. § 1113
- Declaration of Terry L. Hayes in Support of Motion Pursuant to 11 U.S.C. § 1113 to Reject Certain Collective Bargaining Agreements of Trans World Airlines, Inc.
- Notice of Emergency Motion and Motion of the Ad Hoc Committee of Senior Noteholders and HSBC Bank USA, as Indenture Trustee, for Stay Pending Appeal of Order Pursuant to Sections 105(a), 363, 365 and 1146(c) of the Bankruptcy Code (i) Authorizing the Debtors' Sale of Substantially All of Their Assets, Free and Clear of Liens, Claims, and Encumbrances, Subject to Higher and Better Offers; (ii) Approving an Asset Purchase Agreement; and (iii) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with Such Sale
- Opposition of American Airlines, Inc. and AMR Finance, Inc. to the Emergency Motions of the Creditors Committee, the Ad Hoc Committee, and the High River Entities for Stay Pending Appeal of Order (i) Authorizing the Debtors Sale of Substantially All of their Assets, Free and Clear of Liens, Claims, and Encumbrances, Subject to Higher and Better Offers (ii) Approving an Asset Purchase Agreement; and (iii) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with Such Sale
- Objection of Air Line Pilots Association, International in Opposition to the Debtor TWA's Motion for an Order Authorizing the Rejection of its Collective Bargaining Agreements Pursuant to 11 U.S.C. §1113 [Docket No. 986]
- Uncertified Transcript & Exhibits of Auction Proceedings Held at the Offices of Kirkland & Ellis, March 7, 2001
- Auction Proceedings Held at the Offices of Kirkland & Ellis, March 5, 2001
- Transcript of Proceedings before the Honorable Peter J. Walsh, Judge, March 9, 2001
- Transcript of Proceedings before the Honorable Peter J. Walsh, Judge, March 10, 2001

- Transcript of Proceedings before the Honorable Peter J. Walsh, Judge, March 12, 2001
- First Day Motions before the Honorable Sue L. Robinson, Chief Judge, January10, 2001
- Transcript of Deposition of John Bachmann, January 24, 2001
- Transcript of Proceedings before the Honorable Sue L. Robinson, Chief Judge, January 26, 2001
- Transcript of Proceedings before the Honorable Peter J. Walsh, Judge, February 21, 2001
- Transcript of Proceedings before the Honorable Sue L. Robinson, Chief Judge, January 27, 2001

4. Deposition Transcripts:
   - Deposition of Donald Carty, October 15, 2012
   - Deposition of William Compton, January 18, 2013
   - Deposition of Henry Farber, January 22, 2013
   - Deposition of Henry Farber, January 23, 2013
   - Deposition of Michael Palumbo, January 21, 2013
   - Deposition of David Resnick, January 16, 2013
   - Deposition of Rikk Salamat, January 29, 2013
   - Deposition of Rikk Salamat, January 30, 2013
   - Deposition of Rikk Salamat, January 31, 2013
   - Deposition of Terry Hayes, January 28, 2013

5. Expert Reports:
   - Expert Report of Rikk Salamat, October 12, 2012
   - Expert Report of Rikk Salamat, December 31, 2012
   - Expert Report of Henry Farber, October 12, 2012

6. Websites:
   - http://www.airlines.org/Pages/Home.aspx:
     1. http://www.airlines.org/Pages/U.S.-Airline-Bankruptcies-and-Service-Cessations.aspx
     2. http://www.airlines.org/Pages/U.S.-Airline-Mergers-and-Acquisitions.aspx
   - http://www.dot.gov/
   - http://www.rita.dot.gov/

7. TWA Internal Financial Statements:
   - Trans World Airlines Financial Management Report, Month of January, 2001
   - Trans World Airlines Financial Management Report, Month of February, 2001

- Trans World Airlines Financial Management Report, Month of March, 2001
- Trans World Airlines Financial Management Report, Month of September, 2000
- Trans World Airlines Financial Management Report, Month of October, 2000
- Trans World Airlines Financial Management Report, Month of November, 2000
- Trans World Airlines Financial Management Report, Month of December, 2000

8. Other:
   - United States General Accounting Office, *Aviation Competition: Regional Jet Service Yet to Reach Many Small Communities*, GAO-01-344
   - United States General Accounting Office, *Airline Competition: Issues Raised by Consolidation Proposals*, GAO-01370T
   - United States General Accounting Office, *Commercial Aviation: Legacy Airlines Must Further Reduce Costs to Restore Profitability*, GAO-04-836
   - United States General Accounting Office, *Commercial Aviation: Despite Industry Turmoil, Low-Cost Airlines Are Growing and Profitable*, GAO-04-837T
   - United States General Accounting Office, *Commercial Aviation: Structural Costs Continue to Challenge Legacy Airlines' Financial Performance*, GAO-05-834T
   - United States General Accounting Office, *Commercial Aviation: Preliminary Observations on Legacy Airlines' Financial Condition, Bankruptcy, and Pension Issues*, GAO-05-835T
   - United States General Accounting Office, *Commercial Aviation: Bankruptcy and Pension Problems Are Symptoms of Underlying Structural Issues*, GAO-05-945
   - United States General Accounting Office, *Airline Deregulation: Reregulating the Airline Industry Would Likely Reverse Consumer Benefits and Not Save Airline Pensions*, GAO-06-630
   - United States General Accounting Office, *Airline Industry: Potential Mergers and Acquisitions Driven by Financial and Competitive Pressures*, GAO-08-845
   - United States General Accounting Office, *Airline Mergers: Issues Raised by the Proposed Merger of United and Continental Airlines*, GAO-10-778T
   - United States General Accounting Office, *Aviation Competition: International Aviation Alliances and the Influence of Airline Marketing Practices*, GAO/T-RCED-98-131
   - United States General Accounting Office, *Aviation Competition: Proposed Domestic Airline Alliances Raise Serious Issues*, GAO/T-RCED-98-215
   - United States General Accounting Office, *Aviation Competition: Effects on Consumers From Domestic Airline Alliances Vary*, GAO/RCED-99-37

- Transportation Research Board, Special Report 255: *Entry and Competition in the U.S. Airline Industry, Issues and Opportunities*
- Bloomberg Online Database
- Blue Chip Economic Indicators, *Top Analysts' Forecasts Of The U.S. Economic Outlook For The Year Ahead, Vol. 25, No. 10,* October 10, 2000
- Ibbotson SBBI 2001 Valuation Yearbook
- Ibbotson SBBI March 2001 Valuation Yearbook
- Ibbotson SBBI June 2001 Valuation Yearbook
- IRS Revenue Ruling 59 – 60
- James R. Hitchner, *Financial Valuation, Applications and Models, Third Edition,* 2011
- 2000 Average State Tax Rate
- 2001 Average State Tax Rate
- Barra Beta
- Federal Reserve Statistical Release January 2, 2001
- Federal Reserve Statistical Release April 2, 2001
- Federal Reserve Statistical Release July 2, 2001
- Karabu Ticket Program Agreement
- Reuters Estimates Consensus Report, Alaska Air Group, Inc.
- Reuters Estimates Consensus Report, AirTran Holdings, Inc.
- Reuters Estimates Consensus Report, America West Holdings
- Reuters Estimates Consensus Report, AMR Corporation
- Reuters Estimates Consensus Report, Continental Airlines, Inc.
- Reuters Estimates Consensus Report, Southwest Airlines Co.
- Reuters Estimates Consensus Report, US Airways Group, Inc.

EXHIBIT 3

Trans World Airlines, Inc.
Solvency Analysis
Summary
(U.S. dollars in thousands)

Exhibit 3
Page 1 of 1

		Indicated Equity Surplus / (Deficit)		
Market Approach	Reference	**12/31/2000**	**3/31/2001**	**6/30/2001**
Guideline Publicly Traded Company Method	**Exhibit 4**			
TIC / LTM Revenue		$ (1,300,377)	$ (1,273,495)	$ (1,455,327)
TIC / LTM EBITDAR		(1,681,414)	$ (1,752,216)	$ (1,393,328)
Income Approach				
Capitalized Cash Flow Method	**Exhibit 5**	$ (1,277,066)	$ (1,270,922)	$ (1,349,425)

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EXHIBIT 4

Trans World Airlines, Inc. **Exhibit 4 - A**
Solvency Analysis Page 1 of 14
Market Approach: Guideline Publicly Traded Company Method
As of December 31, 2000
(U.S. dollars in thousands)

	Market Multiples [1] [2]	
Guideline Company	TIC/LTM Revenue	TIC/LTM EBITDAR
AirTran Holdings, LLC	1.83x	7.7x
Alaska Air Group Inc.	1.33x	6.3x
America West Holdings Corporation	1.40x	5.0x
AMR Corporation	1.07x	5.0x
AmTran, Inc.	0.99x	5.9x
Continental Airlines, Inc.	1.41x	5.7x
Delta Air Lines, Inc.	1.31x	4.9x
Southwest Airlines Co.	3.56x	11.2x
Northwest Airlines Corporation	1.08x	5.8x
UAL Corporation	1.14x	6.2x
US Airways Group, Inc.	1.29x	9.3x
Average	1.49x	6.6x
Median	1.31x	5.9x
First Quartile	1.08x	5.0x
Third Quartile	1.41x	7.7x
Coefficient of Variance	46.2%	28.6%
Selected Multiple [3]	**1.08**	**5.0**
Times: TWA Financials	$ 3,605,854	$ 701,113
Indicated Value	3,905,204	3,524,168
Less: Working Capital Deficiency [4]	(297,813)	(297,813)
Indicated Value of Total Invested Capital	$ 3,607,391	$ 3,226,355
Less: Interest-Bearing Debt	(685,655)	(685,655)
Less: Capital Leases	(129,388)	(129,388)
Less: Present Value of Operating Leases [5]	(4,092,725)	(4,092,725)
Indicated Equity Surplus / (Deficit)	**$ (1,300,377)**	**$ (1,681,414)**

Notes:

[1] Market Multiples calculated using most recent twelve months of financial data as of the Valuation Date. Refer to Exhibit 4 - A pages 3 to 13.

[2] Total Invested Capital "TIC" is the sum of the market value of equity, gross debt, preferred stock, capitalized leases, and the present value of operating leases.

[3] The first quartile multiple was selected based on TWA's size, profitability, and growth relative to the Guideline Companies. Refer to Exhibit 4 - A page 2.

[4] TWA's working capital balance (including cash) was approximately negative $586 million as of 12/31/2000. Based on a review of TWA's historical levels and the Guideline Companies, the required normalized level of working capital was assumed to be -8.0% of annual revenue or approximately negative $288 million as of 12/31/2000. This results in a working capital deficiency of approximately $298 million.

[5] Refer to Exhibit 4 - A page 14.

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(U.S. dollars in millions)

Growth (LTM Revenue)	
AirTran Holdings, LLC	23.9%
Southwest Airlines Co.	19.3%
AmTran, Inc.	15.1%
Continental Airlines, Inc.	14.6%
Delta Air Lines, Inc.	12.5%
AMR Corporation	11.1%
Northwest Airlines Corporation	11.1%
Trans World Airlines, Inc.	**9.0%**
US Airways Group, Inc.	7.8%
UAL Corporation	7.4%
America West Holdings Corporation	6.0%
Alaska Air Group Inc.	4.6%
Mean	11.9%
Median	11.1%
First Quartile	7.5%
Third Quartile	15.0%

Growth (LTM EBITDA)	
Southwest Airlines Co.	26.4%
AirTran Holdings, LLC	23.9%
AMR Corporation	14.9%
Continental Airlines, Inc.	4.3%
Delta Air Lines, Inc.	3.1%
Northwest Airlines Corporation	-2.3%
UAL Corporation	-24.2%
AmTran, Inc.	-31.4%
US Airways Group, Inc.	-41.2%
Alaska Air Group Inc.	-48.1%
America West Holdings Corporation	-49.2%
Trans World Airlines, Inc.	**-776.6%**
Mean	-75.0%
Median	-13.2%
First Quartile	-46.4%
Third Quartile	12.3%

Growth (LTM EBITDAR)	
AirTran Holdings, LLC	25.4%
Southwest Airlines Co.	19.9%
Trans World Airlines, Inc.	**10.8%**
AMR Corporation	9.7%
Continental Airlines, Inc.	6.6%
Delta Air Lines, Inc.	6.1%
Northwest Airlines Corporation	3.3%
US Airways Group, Inc.	-10.5%
UAL Corporation	-12.1%
AmTran, Inc.	-16.5%
America West Holdings Corporation	-16.5%
Alaska Air Group Inc.	-26.2%
Mean	0.0%
Median	4.7%
First Quartile	-15.4%
Third Quartile	10.5%

Profitability (LTM EBIT Margin)	
Southwest Airlines Co.	18.1%
AirTran Holdings, LLC	13.0%
Delta Air Lines, Inc.	10.4%
AMR Corporation	7.0%
Continental Airlines, Inc.	6.9%
Northwest Airlines Corporation	5.0%
UAL Corporation	3.4%
AmTran, Inc.	0.2%
Alaska Air Group Inc.	0.2%
America West Holdings Corporation	0.0%
US Airways Group, Inc.	-0.6%
Trans World Airlines, Inc.	**-5.1%**
Mean	4.9%
Median	4.2%
First Quartile	0.0%
Third Quartile	9.6%

Profitability (LTM EBITDA Margin)	
Southwest Airlines Co.	23.7%
Delta Air Lines, Inc.	17.5%
AirTran Holdings, LLC	17.2%
AMR Corporation	13.1%
Continental Airlines, Inc.	11.0%
Northwest Airlines Corporation	10.4%
AmTran, Inc.	9.9%
UAL Corporation	8.8%
Alaska Air Group Inc.	8.0%
America West Holdings Corporation	8.5%
US Airways Group, Inc.	3.4%
Trans World Airlines, Inc.	**-1.5%**
Mean	10.8%
Median	10.1%
First Quartile	8.1%
Third Quartile	16.2%

Profitability (LTM EBITDAR Margin)	
Southwest Airlines Co.	31.9%
America West Holdings Corporation	28.2%
Delta Air Lines, Inc.	26.5%
Continental Airlines, Inc.	24.9%
AirTran Holdings, LLC	23.8%
AMR Corporation	21.3%
Alaska Air Group Inc.	21.2%
Trans World Airlines, Inc.	**19.4%**
Northwest Airlines Corporation	18.6%
UAL Corporation	18.6%
AmTran, Inc.	16.7%
US Airways Group, Inc.	13.8%
Mean	22.1%
Median	21.2%
First Quartile	18.6%
Third Quartile	26.1%

Size (Market Value of Equity)	
Southwest Airlines Co.	$ 16,904.6
Delta Air Lines, Inc.	6,173.7
AMR Corporation	5,959.0
Continental Airlines, Inc.	3,017.5
US Airways Group, Inc.	2,717.9
Northwest Airlines Corporation	2,503.2
UAL Corporation	2,045.7
Alaska Air Group Inc.	787.1
AirTran Holdings, LLC	477.2
America West Holdings Corporation	430.5
AmTran, Inc.	165.1
Trans World Airlines, Inc.	**75.8**
Mean	3,438.1
Median	2,274.5
First Quartile	442.2
Third Quartile	5,223.6

Size (Total Assets)	
AMR Corporation	$ 26,213.0
UAL Corporation	24,355.0
Delta Air Lines, Inc.	21,931.0
Northwest Airlines Corporation	10,877.0
Continental Airlines, Inc.	9,201.0
US Airways Group, Inc.	9,127.0
Southwest Airlines Co.	6,669.6
Alaska Air Group Inc.	2,630.0
Trans World Airlines, Inc.	**2,012.1**
America West Holdings Corporation	1,568.5
AmTran, Inc.	1,032.4
AirTran Holdings, LLC	546.3
Mean	9,680.2
Median	7,898.3
First Quartile	1,679.4
Third Quartile	19,167.5

Size (LTM Revenue)	
AMR Corporation	$ 19,703.0
UAL Corporation	19,352.0
Delta Air Lines, Inc.	16,741.0
Northwest Airlines Corporation	11,415.0
Continental Airlines, Inc.	9,899.0
US Airways Group, Inc.	9,269.0
Southwest Airlines Co.	5,649.6
Trans World Airlines, Inc.	**3,605.9**
America West Holdings Corporation	2,344.4
Alaska Air Group Inc.	2,177.2
AmTran, Inc.	1,291.6
AirTran Holdings, LLC	624.1
Mean	8,506.0
Median	7,459.3
First Quartile	2,219.0
Third Quartile	15,409.5

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(U.S. dollars in thousands, except stock prices)

AirTran Holdings, LLC

[A] Stock Price as of 12/31/00	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 7.25	65,823	$ 477,217

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 62,491	$ 365,412	$ -	$ -	$ 235,317	$ 663,220

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 477,217	$ 663,220	$ 1,140,437

[K] 12 Months Ended EBITDA	[L] 12 Months Ended Aircraft Rent	[M] 12 Months Ended Other Rent	[N] = [K] + [L] + [M] 12 Months Ended EBITDAR	[O] 12 Months Ended Revenue
$ 107,229	$ 12,616	$ 28,752	$ 148,597	$ 624,094

[J] Total Enterprise Value	[N] 12 Months Ended EBITDAR	[P] = [J] / [N] TEV/ EBITDAR
$ 1,140,437	$ 148,597	7.67x

[J] Total Enterprise Value	[O] 12 Months Ended Revenue	[Q] = [J] / [O] TEV/ Revenue
$ 1,140,437	$ 624,094	1.83x

Source: Bloomberg Database and December 31, 2000 Form 10-K

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(U.S. dollars in thousands, except stock prices)

Alaska Air Group Inc.

[A] Stock Price as of 12/31/00	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 29.75	26,457	$ 787,108

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 66,700	$ 609,200	$ -	$ -	$ 1,441,568	$ 2,117,468

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 787,108	$ 2,117,468	$ 2,904,575

[K] 12 Months Ended EBITDA [1]	[L] 12 Months Ended Aircraft Rent	[M] 12 Months Ended Other Rent	[N] = [K] + [L] + [M] 12 Months Ended EBITDAR	[O] 12 Months Ended Revenue
$ 174,200	$ 186,800	$ 99,800	$ 460,800	$ 2,177,200

[J] Total Enterprise Value	[N] 12 Months Ended EBITDAR	[P] = [J] / [N] TEV/ EBITDAR
$ 2,904,575	$ 460,800	6.30x

[J] Total Enterprise Value	[O] 12 Months Ended Revenue	[Q] = [J] / [O] TEV/ Revenue
$ 2,904,575	$ 2,177,200	1.33x

Source: Bloomberg Database and December 31, 2000 Form 10-K
[1] Special charges were added back to EBITDA.

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Trans World Airlines, Inc.
Solvency Analysis
Market Approach: Guideline Publicly Traded Company Method
As of December 31, 2000
(U.S. dollars in thousands, except stock prices)

America West Holdings Corporation

[A] Stock Price as of 12/31/00	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 12.81	33,599	$ 430,485

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 159,667	$ 145,578	$ -	$ -	$ 2,549,233	$ 2,854,478

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 430,485	$ 2,854,478	$ 3,284,962

[K] 12 Months Ended EBITDA [1]	[L] 12 Months Ended Aircraft Rent	[M] 12 Months Ended Other Rent	[N] = [K] + [L] + [M] 12 Months Ended EBITDAR	[O] 12 Months Ended Revenue
$ 198,671	$ 331,005	$ 130,680	$ 660,356	$ 2,344,354

[J] Total Enterprise Value	[N] 12 Months Ended EBITDAR	[P] = [J] / [N] TEV/ EBITDAR
$ 3,284,962	$ 660,356	4.97x

[J] Total Enterprise Value	[O] 12 Months Ended Revenue	[Q] = [J] / [O] TEV/ Revenue
$ 3,284,962	$ 2,344,354	1.40x

Source: Bloomberg Database and December 31, 2000 Form 10-K
[1] Non-recurring charges less a $4.1 million settlement recovery were added back to EBITDA.

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Trans World Airlines, Inc.
Solvency Analysis
Market Approach: Guideline Publicly Traded Company Method
As of December 31, 2000
(U.S. dollars in thousands, except stock prices)

AMR Corporation

[A] Stock Price as of 12/31/00	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 39.19	152,063	$ 5,958,951

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 569,000	$ 4,151,000	$ 1,550,000	$ -	$ 8,827,195	$ 15,097,195

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 5,958,951	$ 15,097,195	$ 21,056,146

[K] 12 Months Ended EBITDA	[L] 12 Months Ended Aircraft Rent	[M] 12 Months Ended Other Rent	[N] = [K] + [L] + [M] 12 Months Ended EBITDAR	[O] 12 Months Ended Revenue
$ 2,583,000	$ 607,000	$ 999,000	$ 4,189,000	$ 19,703,000

[J] Total Enterprise Value	[N] 12 Months Ended EBITDAR	[P] = [J] / [N] TEV/ EBITDAR
$ 21,056,146	$ 4,189,000	5.03x

[J] Total Enterprise Value	[O] 12 Months Ended Revenue	[Q] = [J] / [O] TEV/ Revenue
$ 21,056,146	$ 19,703,000	1.07x

Source: Bloomberg Database and December 31, 2000 Form 10-K

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Trans World Airlines, Inc.
Solvency Analysis
Market Approach: Guideline Publicly Traded Company Method
As of December 31, 2000
(U.S. dollars in thousands, except stock prices)

AmTran, Inc.

[A] Stock Price as of 12/31/00	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 14.50	11,386	$ 165,094

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 82,476	$ 375,473	$ -	$ 80,000	$ 570,691	$ 1,108,640

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 165,094	$ 1,108,640	$ 1,273,734

[K] 12 Months Ended EBITDA	[L] 12 Months Ended Aircraft Rent	[M] 12 Months Ended Other Rent	[N] = [K] + [L] + [M] 12 Months Ended EBITDAR
$ 127,611	$ 72,145	$ 15,817	$ 215,573

[O] 12 Months Ended Revenue
$ 1,291,553

[J] Total Enterprise Value	[N] 12 Months Ended EBITDAR	[P] = [J] / [N] TEV/ EBITDAR
$ 1,273,734	$ 215,573	5.91x

[J] Total Enterprise Value	[O] 12 Months Ended Revenue	[Q] = [J] / [O] TEV/ Revenue
$ 1,273,734	$ 1,291,553	0.99x

Source: Bloomberg Database and December 31, 2000 Form 10-K

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Trans World Airlines, Inc.
Solvency Analysis
Market Approach: Guideline Publicly Traded Company Method
As of December 31, 2000
(U.S. dollars in thousands, except stock prices)

Continental Airlines, Inc.

[A] Stock Price as of 12/31/00	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 51.63	58,450	$ 3,017,500

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 304,000	$ 3,616,000	$ -	$ -	$ 7,005,649	$ 10,925,649

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 3,017,500	$ 10,925,649	$ 13,943,149

[K] 12 Months Ended EBITDA	[L] 12 Months Ended Aircraft Rent	[M] 12 Months Ended Other Rent	[N] = [K] + [L] + [M] 12 Months Ended EBITDAR	[O] 12 Months Ended Revenue
$ 1,086,000	$ 844,000	$ 532,000	$ 2,462,000	$ 9,899,000

[J] Total Enterprise Value	[N] 12 Months Ended EBITDAR	[P] = [J] / [N] TEV/ EBITDAR
$ 13,943,149	$ 2,462,000	5.66x

[J] Total Enterprise Value	[O] 12 Months Ended Revenue	[Q] = [J] / [O] TEV/ Revenue
$ 13,943,149	$ 9,899,000	1.41x

Source: Bloomberg Database and December 31, 2000 Form 10-K

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(U.S. dollars in thousands, except stock prices)

Delta Air Lines, Inc.

[A] Stock Price as of 12/31/00	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 50.19	123,013	$ 6,173,734

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 62,000	$ 5,797,000	$ 139,000	$ 234,000	$ 9,447,518	$ 15,679,518

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 6,173,734	$ 15,679,518	$ 21,853,251

[K] 12 Months Ended EBITDA	[L] 12 Months Ended Aircraft Rent	[M] 12 Months Ended Other Rent	[N] = [K] + [L] + [M] 12 Months Ended EBITDAR
$ 2,932,000	$ 741,000	$ 771,000	$ 4,444,000

[O] 12 Months Ended Revenue
$ 16,741,000

[J] Total Enterprise Value	[N] 12 Months Ended EBITDAR	[P] = [J] / [N] TEV/ EBITDAR
$ 21,853,251	$ 4,444,000	4.92x

[J] Total Enterprise Value	[O] 12 Months Ended Revenue	[Q] = [J] / [O] TEV/ Revenue
$ 21,853,251	$ 16,741,000	1.31x

Source: Bloomberg Database and December 31, 2000 Form 10-K

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(U.S. dollars in thousands, except stock prices)

Southwest Airlines Co.

[A] Stock Price as of 12/31/00	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 33.53	504,162	$ 16,904,552

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 108,752	$ 760,992	$ -	$ -	$ 2,326,166	$ 3,195,910

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 16,904,552	$ 3,195,910	$ 20,100,461

[K] 12 Months Ended EBITDA	[L] 12 Months Ended Aircraft Rent	[M] 12 Months Ended Other Rent	[N] = [K] + [L] + [M] 12 Months Ended EBITDAR	[O] 12 Months Ended Revenue
$ 1,338,749	$ 196,328	$ 265,106	$ 1,800,183	$ 5,649,560

[J] Total Enterprise Value	[N] 12 Months Ended EBITDAR	[P] = [J] / [N] TEV/ EBITDAR
$ 20,100,461	$ 1,800,183	11.17x

[J] Total Enterprise Value	[O] 12 Months Ended Revenue	[Q] = [J] / [O] TEV/ Revenue
$ 20,100,461	$ 5,649,560	3.56x

Source: Bloomberg Database and December 31, 2000 Form 10-K

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(U.S. dollars in thousands, except stock prices)

Northwest Airlines Corporation

[A] Stock Price as of 12/31/00	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 30.13	83,094	$ 2,503,212

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 191,000	$ 3,609,000	$ 556,000	$ 232,000	$ 5,271,436	$ 9,859,436

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 2,503,212	$ 9,859,436	$ 12,362,647

[K] 12 Months Ended EBITDA	[L] 12 Months Ended Aircraft Rent	[M] 12 Months Ended Other Rent	[N] = [K] + [L] + [M] 12 Months Ended EBITDAR	[O] 12 Months Ended Revenue
$ 1,186,000	$ 423,000	$ 513,000	$ 2,122,000	$ 11,415,000

[J] Total Enterprise Value	[N] 12 Months Ended EBITDAR	[P] = [J] / [N] TEV/ EBITDAR
$ 12,362,647	$ 2,122,000	5.83x

[J] Total Enterprise Value	[O] 12 Months Ended Revenue	[Q] = [J] / [O] TEV/ Revenue
$ 12,362,647	$ 11,415,000	1.08x

Source: Bloomberg Database and December 31, 2000 Form 10-K

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(U.S. dollars in thousands, except stock prices)

UAL Corporation

[A] Stock Price as of 12/31/00	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 38.94	52,539	$ 2,045,725

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 170,000	$ 4,787,000	$ 2,530,000	$ 266,000	$ 12,317,701	$ 20,070,701

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 2,045,725	$ 20,070,701	$ 22,116,426

[K] 12 Months Ended EBITDA	[L] 12 Months Ended Aircraft Rent	[M] 12 Months Ended Other Rent	[N] = [K] + [L] + [M] 12 Months Ended EBITDAR	[O] 12 Months Ended Revenue
$ 1,712,000	$ 919,000	$ 959,000	$ 3,590,000	$ 19,352,000

[J] Total Enterprise Value	[N] 12 Months Ended EBITDAR	[P] = [J] / [N] TEV/ EBITDAR
$ 22,116,426	$ 3,590,000	6.16x

[J] Total Enterprise Value	[O] 12 Months Ended Revenue	[Q] = [J] / [O] TEV/ Revenue
$ 22,116,426	$ 19,352,000	1.14x

Source: Bloomberg Database and December 31, 2000 Form 10-K

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(U.S. dollars in thousands, except stock prices)

US Airways Group, Inc.

[A] Stock Price as of 12/31/00	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 40.56	67,006	$ 2,717,931

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 284,000	$ 2,688,000	$ -	$ -	$ 6,241,544	$ 9,213,544

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 2,717,931	$ 9,213,544	$ 11,931,475

[K] 12 Months Ended EBITDA	[L] 12 Months Ended Aircraft Rent	[M] 12 Months Ended Other Rent	[N] = [K] + [L] + [M] 12 Months Ended EBITDAR	[O] 12 Months Ended Revenue
$ 316,000	$ 519,000	$ 448,000	$ 1,283,000	$ 9,269,000

[J] Total Enterprise Value	[N] 12 Months Ended EBITDAR	[P] = [J] / [N] TEV/ EBITDAR
$ 11,931,475	$ 1,283,000	9.30x

[J] Total Enterprise Value	[O] 12 Months Ended Revenue	[Q] = [J] / [O] TEV/ Revenue
$ 11,931,475	$ 9,269,000	1.29x

Source: Bloomberg Database and December 31, 2000 Form 10-K

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Trans World Airlines, Inc.
Solvency Analysis
Present Value of Operating Leases
As of December 31, 2000
(U.S. dollars in thousands)

	Midpoint Convention	Estimated Lease Payments Required Under Operating Leases [1] TWA	AirTran	Alaska	America West	AMR	AmTran	Continental	Delta	Southwest	Northwest	UAL	US Airways
2001	0.500	$ 552,708	$ 33,015	$ 185,600	$ 369,670	$ 984,000	$ 83,734	$ 859,000	$ 1,204,000	$ 274,564	$ 655,000	$ 1,553,000	$ 945,000
2002	1.500	538,040	33,571	163,800	336,141	921,000	80,194	814,000	1,218,000	262,142	668,000	1,496,000	835,000
2003	2.500	528,320	34,233	146,100	283,386	931,000	74,303	766,000	1,189,000	237,627	650,000	1,513,000	818,000
2004	3.500	517,836	27,274	120,500	235,472	913,000	73,954	709,000	1,153,000	213,782	641,000	1,522,000	795,000
2005	4.500	507,560	25,969	115,600	220,327	900,000	71,763	688,000	1,138,000	203,385	622,000	1,526,000	778,000
2006	5.500	497,488	24,726	110,899	206,156	887,185	69,637	667,622	1,123,195	193,494	603,563	1,530,011	761,364
2007	6.500	487,616	23,543	106,390	192,897	874,553	67,574	647,848	1,108,583	184,083	585,673	1,534,032	745,083
2008	7.500	477,940	22,417	102,063	180,490	862,100	65,572	628,659	1,094,161	175,131	568,313	1,538,063	729,150
2009	8.500	468,455	21,344	97,913	168,881	849,825	63,629	610,039	1,079,926	166,613	551,467	1,542,105	713,558
2010	9.500	459,159	20,323	93,932	158,019	837,724	61,744	591,970	1,065,877	158,510	535,121	1,546,158	698,300
2011	10.500	365,036	19,351	90,112	147,856	825,796	59,915	574,436	1,052,010	150,801	519,260	1,550,222	683,368
2012	11.500		18,425	86,448	138,346	814,038	58,140	557,422	1,038,324	143,467	503,868	1,554,296	668,755
2013	12.500		17,543	82,932	129,448	802,447	56,417	540,911	1,024,816	136,490	488,933	1,558,381	654,454
2014	13.500		16,704	79,560	121,122	791,021	54,746	524,890	631,108	129,852	474,440	1,562,476	362,969
2015	14.500		5,091	76,325	113,332	779,758	53,124	509,343		123,537	460,377	1,566,583	
2016	15.500			62,126	106,043	768,655	51,550	494,257		117,529	446,731	1,241,674	
2017	16.500				99,222	757,710	13,795	39,604		22,284	186,253		
2018	17.500				58,531	746,922							
2019	18.500					708,265							
Pretax Cost of Debt [2]		*12.39%*	*12.39%*	*9.41%*	*10.78%*	*8.59%*	*12.39%*	*10.87%*	*8.40%*	*7.79%*	*10.87%*	*9.41%*	*12.39%*
PV of Operating Leases [3]		$ 3,132,536	$ 185,271	$ 1,019,303	$ 1,828,213	$ 8,351,586	$ 510,202	$ 5,371,947	$ 9,330,553	$ 1,826,511	$ 4,677,307	$ 12,936,102	$ 5,340,632
7x 2001 Operating Leases [4]		$ 3,868,956	$ 231,105	$ 1,299,200	$ 2,587,690	$ 6,888,000	$ 586,138	$ 6,013,000	$ 8,428,000	$ 1,921,948	$ 4,585,000	$ 10,871,000	$ 6,615,000
7x 2000 Operating Leases [5]		$ 5,276,684	$ 289,576	$ 2,006,200	$ 3,231,795	$ 11,242,000	$ 615,734	$ 9,632,000	$ 10,584,000	$ 3,230,038	$ 6,552,000	$ 13,146,000	$ 6,769,000
Average Operating Leases		$ 4,092,725	$ 235,317	$ 1,441,568	$ 2,549,233	$ 8,827,195	$ 570,691	$ 7,005,649	$ 9,447,518	$ 2,326,166	$ 5,271,436	$ 12,317,701	$ 6,241,544
Partial Period Adjustment		1.000											

Notes:

[1] Estimated future lease payments for Guideline Companies through 2005 obtained from the respective December 31, 2000 Form 10-Ks. After 2005, the lease payments were gradually reduced until the cumulative amount equaled the "2006 and subsequent" balance shown in each Form 10-K. For TWA, the 2000 Form 10-K was unavailable therefore we used the 1999 Form 10-K and followed the same process.

[2] Cost of debt is based on the yield of the bond index corresponding to each companies respective credit rating. Source: Bloomberg

[3] Present value calculated using the respective cost of debt and applies the midpoint discounting convention. Note, this calculation excludes new lease commitments entered into after December 31, 2000.

[4] Calculated as seven times the respective 2001 estimated future operating lease expense per each companies December 31, 2000 Form 10-K (as shown above).

[5] Calculated as seven times the respective 2000 historical operating lease expense per each companies December 31, 2000 Form 10-K. Refer to Exhibit 4 - A pages 3 to 13 for fiscal year 2000 operating leases.

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(U.S. dollars in thousands)

	Market Multiples [1] [2]	
Comparable Company	TIC/LTM Revenue	TIC/LTM EBITDAR
AirTran Holdings, LLC	1.70x	6.9x
Alaska Air Group Inc.	1.26x	6.2x
America West Holdings Corporation	1.31x	4.9x
AMR Corporation	1.05x	5.2x
AmTran, Inc.	0.95x	5.7x
Continental Airlines, Inc.	1.34x	5.4x
Delta Air Lines, Inc.	1.24x	5.1x
Southwest Airlines Co.	2.86x	8.9x
Northwest Airlines Corporation	1.12x	6.8x
UAL Corporation	1.14x	7.5x
US Airways Group, Inc.	1.25x	9.5x
Average	1.38x	6.6x
Median	1.25x	6.2x
First Quartile	1.12x	5.2x
Third Quartile	1.34x	7.5x
Coefficient of Variance	36.3%	22.7%
Selected Multiple [3]	**1.12**	**5.2**
Times: TWA Financials	$ 3,584,831	$ 686,391
Indicated Value	4,017,003	3,538,283
Less: Working Capital Deficiency [4]	(216,647)	(216,647)
Indicated Value of Total Invested Capital	$ 3,800,357	$ 3,321,636
Less: Interest-Bearing Debt [5]	(880,972)	(880,972)
Less: Capital Leases	(117,810)	(117,810)
Less: Present Value of Operating Leases [6]	(4,075,070)	(4,075,070)
Indicated Value of Equity	**$ (1,273,495)**	**$ (1,752,216)**

Notes:

[1] Market Multiples calculated using most recent twelve months of financial data as of the Valuation Date. Refer to Exhibit 4 - B pages 3 to 13.

[2] Total Invested Capital "TIC" is the sum of the market value of equity, gross debt, preferred stock, capitalized leases, and the present value of operating leases.

[3] The first quartile multiple was selected based on TWA's size, profitability, and growth relative to the Guideline Companies. Refer to Exhibit 4 - B page 2.

[4] TWA's working capital balance (including cash) was approximately negative $503 million as of 3/31/2001. Based on a review of TWA's historical levels and the Guideline Companies, the required normalized level of working capital was assumed to be -8.0% of annual revenue or approximately negative $287 million as of 3/31/2001. This results in a working capital deficiency of approximately $217 million.

[5] Includes $200 million debtor-in-possession financing.

[6] Refer to Exhibit 4 - B page 14.

(U.S. dollars in millions)

Growth (LTM Revenue)	
AirTran Holdings, LLC	28.9%
Southwest Airlines Co.	19.0%
Continental Airlines, Inc.	13.5%
AmTran, Inc.	13.0%
Northwest Airlines Corporation	9.6%
US Airways Group, Inc.	9.2%
Delta Air Lines, Inc.	9.0%
AMR Corporation	8.7%
Trans World Airlines, Inc.	**6.9%**
America West Holdings Corporation	5.1%
UAL Corporation	4.4%
Alaska Air Group Inc.	4.4%
Mean	11.0%
Median	9.1%
First Quartile	5.5%
Third Quartile	13.4%

Growth (LTM EBITDA)	
AirTran Holdings, LLC	33.4%
Southwest Airlines Co.	32.8%
Continental Airlines, Inc.	15.4%
AMR Corporation	-1.5%
Delta Air Lines, Inc.	-13.4%
Trans World Airlines, Inc.	**-20.5%**
US Airways Group, Inc.	-20.6%
Northwest Airlines Corporation	-22.1%
AmTran, Inc.	-25.3%
Alaska Air Group Inc.	-46.7%
America West Holdings Corporation	-56.4%
UAL Corporation	-56.8%
Mean	-15.1%
Median	-20.5%
First Quartile	-41.4%
Third Quartile	11.2%

Growth (LTM EBITDAR)	
AirTran Holdings, LLC	36.0%
Southwest Airlines Co.	24.1%
Trans World Airlines, Inc.	**13.2%**
Continental Airlines, Inc.	10.5%
US Airways Group, Inc.	0.6%
Delta Air Lines, Inc.	-5.9%
Northwest Airlines Corporation	-8.9%
AmTran, Inc.	-9.7%
AMR Corporation	-15.7%
America West Holdings Corporation	-17.9%
Alaska Air Group Inc.	-22.3%
UAL Corporation	-31.5%
Mean	-2.3%
Median	-7.4%
First Quartile	-17.4%
Third Quartile	12.6%

Profitability (LTM EBIT Margin)	
Southwest Airlines Co.	18.4%
AirTran Holdings, LLC	13.1%
Delta Air Lines, Inc.	7.7%
Continental Airlines, Inc.	6.9%
AMR Corporation	6.0%
Northwest Airlines Corporation	2.9%
UAL Corporation	-0.2%
AmTran, Inc.	-0.2%
Alaska Air Group Inc.	-1.3%
US Airways Group, Inc.	-1.5%
America West Holdings Corporation	-2.0%
Trans World Airlines, Inc.	**-5.7%**
Mean	3.7%
Median	1.4%
First Quartile	-1.5%
Third Quartile	7.5%

Profitability (LTM EBITDA Margin)	
Southwest Airlines Co.	24.1%
AirTran Holdings, LLC	17.4%
Delta Air Lines, Inc.	15.0%
AMR Corporation	12.1%
Continental Airlines, Inc.	11.0%
AmTran, Inc.	9.6%
Northwest Airlines Corporation	8.3%
Alaska Air Group Inc.	7.1%
America West Holdings Corporation	6.5%
UAL Corporation	5.4%
US Airways Group, Inc.	2.7%
Trans World Airlines, Inc.	**-2.1%**
Mean	9.8%
Median	9.0%
First Quartile	5.7%
Third Quartile	14.3%

Profitability (LTM EBITDAR Margin)	
Southwest Airlines Co.	32.0%
America West Holdings Corporation	26.6%
Continental Airlines, Inc.	24.9%
AirTran Holdings, LLC	24.6%
Delta Air Lines, Inc.	24.2%
Alaska Air Group Inc.	20.4%
AMR Corporation	20.3%
Trans World Airlines, Inc.	**19.1%**
AmTran, Inc.	16.7%
Northwest Airlines Corporation	16.6%
UAL Corporation	15.2%
US Airways Group, Inc.	13.2%
Mean	21.1%
Median	20.3%
First Quartile	16.6%
Third Quartile	24.8%

Size (Market Value of Equity)	
Southwest Airlines Co.	$ 13,502.4
AMR Corporation	5,397.7
Delta Air Lines, Inc.	4,860.0
US Airways Group, Inc.	2,378.6
Continental Airlines, Inc.	2,220.1
Northwest Airlines Corporation	1,926.7
UAL Corporation	1,755.6
Alaska Air Group Inc.	680.5
AirTran Holdings, LLC	522.1
America West Holdings Corporation	323.0
AmTran, Inc.	109.6
Trans World Airlines, Inc.	**7.9**
Mean	2,807.0
Median	1,841.1
First Quartile	372.7
Third Quartile	4,239.6

Size (Total Assets)	
AMR Corporation	$ 26,534.0
UAL Corporation	24,720.0
Delta Air Lines, Inc.	22,100.0
Northwest Airlines Corporation	12,003.0
US Airways Group, Inc.	9,381.0
Continental Airlines, Inc.	9,268.0
Southwest Airlines Co.	7,065.9
Alaska Air Group Inc.	2,611.2
Trans World Airlines, Inc.	**2,113.5**
America West Holdings Corporation	1,580.3
AmTran, Inc.	1,104.1
AirTran Holdings, LLC	542.6
Mean	9,918.6
Median	8,166.9
First Quartile	1,713.6
Third Quartile	19,575.8

Size (LTM Revenue)	
AMR Corporation	$ 19,886.0
UAL Corporation	19,230.0
Delta Air Lines, Inc.	16,672.0
Northwest Airlines Corporation	11,517.0
Continental Airlines, Inc.	10,073.0
US Airways Group, Inc.	9,412.0
Southwest Airlines Co.	5,835.5
Trans World Airlines, Inc.	**3,584.8**
America West Holdings Corporation	2,368.9
Alaska Air Group Inc.	2,203.5
AmTran, Inc.	1,317.7
AirTran Holdings, LLC	665.4
Mean	8,563.8
Median	7,623.8
First Quartile	2,244.9
Third Quartile	15,383.3

Mesirow Financial CONSULTING

Trans World Airlines, Inc.
Solvency Analysis
Market Approach: Guideline Publicly Traded Company Method
As of March 31, 2001
(U.S. dollars in thousands, except stock prices)

AirTran Holdings, LLC

[A] Stock Price as of 3/31/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 7.84	66,591	$ 522,073

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 68,246	$ 295,718	$ -	$ -	$ 247,301	$ 611,265

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 522,073	$ 611,265	$ 1,133,339

	[K] 3 Months Ended 3/31/00	[L] 12 Months Ended 12/31/00	[M] 3 Months Ended 3/31/01	[N] = [M] + [L] - [K] LTM 3/31/01
Revenue	$ 132,408	$ 624,094	$ 173,743	$ 665,429

	[O] 3 Months Ended 3/31/00	[P] 12 Months Ended 12/31/00	[Q] 3 Months Ended 3/31/01	[R] = [Q] + [P] - [O] LTM 3/31/01
EBITDA	$ 17,712	$ 107,229	$ 26,386	$ 115,903
Aircraft Rent	1,897	12,616	5,747	16,466
Other Rent	7,032	28,752	9,302	31,022
EBITDAR	$ 26,641	$ 148,597	$ 41,435	$ 163,391

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 1,133,339	$ 163,391	6.94x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 1,133,339	$ 665,429	1.70x

Source: Bloomberg Database, December 31, 2000 Form 10-K and March 31, 2001 Form 10-Q.

Mesirow Financial
CONSULTING

Trans World Airlines, Inc.
Solvency Analysis
Market Approach: Guideline Publicly Traded Company Method
As of March 31, 2001
(U.S. dollars in thousands, except stock prices)

Alaska Air Group Inc.

[A] Stock Price as of 3/31/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 25.70	26,478	$ 680,490

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 33,900	$ 611,300	$ -	$ -	$ 1,441,441	$ 2,086,641

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 680,490	$ 2,086,641	$ 2,767,131

	[K] 3 Months Ended 3/31/00	[L] 12 Months Ended 12/31/00	[M] 3 Months Ended 3/31/01	[N] = [M] + [L] - [K] LTM 3/31/01
Revenue	$ 489,700	$ 2,177,200	$ 516,000	$ 2,203,500

	[O] 3 Months Ended 3/31/00 [1]	[P] 12 Months Ended 12/31/00 [1]	[Q] 3 Months Ended 3/31/01 [1]	[R] = [Q] + [P] - [O] LTM 3/31/01
EBITDA	$ 18,800	$ 174,200	$ 1,800	$ 157,200
Aircraft Rent	46,400	186,800	46,200	186,600
Other Rent	22,400	99,800	28,300	105,700
EBITDAR	$ 87,600	$ 460,800	$ 76,300	$ 449,500

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 2,767,131	$ 449,500	6.16x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 2,767,131	$ 2,203,500	1.26x

Source: Bloomberg Database, December 31, 2000 Form 10-K and March 31, 2001 Form 10-Q.
[1] Special charges and loss (gain) on sale of assets were added back to EBITDA.

Mesirow Financial

(U.S. dollars in thousands, except stock prices)

America West Holdings Corporation

[A] Stock Price as of 3/31/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 9.60	33,643	$ 322,972

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 82,645	$ 141,338	$ -	$ -	$ 2,555,032	$ 2,779,015

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 322,972	$ 2,779,015	$ 3,101,987

	[K] 3 Months Ended 3/31/00	[L] 12 Months Ended 12/31/00	[M] 3 Months Ended 3/31/01	[N] = [M] + [L] - [K] LTM 3/31/01
Revenue	$ 562,892	$ 2,344,354	$ 587,473	$ 2,368,935

	[O] 3 Months Ended 3/31/00	[P] 12 Months Ended 12/31/00 [1]	[Q] 3 Months Ended 3/31/01 [2]	[R] = [Q] + [P] - [O] LTM 3/31/01
EBITDA	$ 29,004	$ 198,671	$ (16,014)	$ 153,653
Aircraft Rent	79,171	331,005	87,878	339,712
Other Rent	30,180	130,680	35,373	135,873
EBITDAR	$ 138,355	$ 660,356	$ 107,237	$ 629,238

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 3,101,987	$ 629,238	4.93x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 3,101,987	$ 2,368,935	1.31x

Source: Bloomberg Database, December 31, 2000 Form 10-K and March 31, 2001 Form 10-Q.
[1] Non-recurring charges less a $4.1 million settlement recovery were added back to EBITDA.
[2] A $11.0 million settlement recovery was backed out of EBITDA.

Mesirow Financial CONSULTING

Trans World Airlines, Inc.
Solvency Analysis
Market Approach: Guideline Publicly Traded Company Method
As of March 31, 2001
(U.S. dollars in thousands, except stock prices)

AMR Corporation

[A] Stock Price as of 3/31/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 35.12	153,694	$ 5,397,722

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 451,000	$ 4,669,000	$ 1,453,000	$ -	$ 8,824,178	$ 15,397,178

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 5,397,722	$ 15,397,178	$ 20,794,900

	[K] 3 Months Ended 3/31/00	[L] 12 Months Ended 12/31/00	[M] 3 Months Ended 3/31/01	[N] = [M] + [L] - [K] LTM 3/31/01
Revenue	$ 4,577,000	$ 19,703,000	$ 4,760,000	$ 19,886,000

	[O] 3 Months Ended 3/31/00	[P] 12 Months Ended 12/31/00	[Q] 3 Months Ended 3/31/01	[R] = [Q] + [P] - [O] LTM 3/31/01
EBITDA	$ 500,000	$ 2,583,000	$ 330,000	$ 2,413,000
Aircraft Rent	153,000	607,000	148,000	602,000
Other Rent	237,000	999,000	257,000	1,019,000
EBITDAR	$ 890,000	$ 4,189,000	$ 735,000	$ 4,034,000

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 20,794,900	$ 4,034,000	5.15x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 20,794,900	$ 19,886,000	1.05x

Source: Bloomberg Database, December 31, 2000 Form 10-K and March 31, 2001 Form 10-Q.

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(U.S. dollars in thousands, except stock prices)

AmTran, Inc.

[A] Stock Price as of 3/31/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 9.63	11,384	$ 109,568

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 108,905	$ 380,002	$ -	$ 80,000	$ 575,335	$ 1,144,242

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 109,568	$ 1,144,242	$ 1,253,811

	[K] 3 Months Ended 3/31/00	[L] 12 Months Ended 12/31/00	[M] 3 Months Ended 3/31/01	[N] = [M] + [L] - [K] LTM 3/31/01
Revenue	$ 321,336	$ 1,291,553	$ 347,485	$ 1,317,702

	[O] 3 Months Ended 3/31/00	[P] 12 Months Ended 12/31/00	[Q] 3 Months Ended 3/31/01	[R] = [Q] + [P] - [O] LTM 3/31/01
EBITDA	$ 34,136	$ 127,611	$ 33,264	$ 126,739
Aircraft Rent	16,086	72,145	19,989	76,048
Other Rent	3,699	15,817	4,501	16,619
EBITDAR	$ 53,921	$ 215,573	$ 57,754	$ 219,406

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 1,253,811	$ 219,406	5.71x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 1,253,811	$ 1,317,702	0.95x

Source: Bloomberg Database, December 31, 2000 Form 10-K and March 31, 2001 Form 10-Q.

Mesirow Financial

(U.S. dollars in thousands, except stock prices)

Continental Airlines, Inc.

[A] Stock Price as of 3/31/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 41.40	53,625	$ 2,220,069

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 361,000	$ 3,882,000	$ -	$ -	$ 6,995,978	$ 11,238,978

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 2,220,069	$ 11,238,978	$ 13,459,046

	[K] 3 Months Ended 3/31/00	[L] 12 Months Ended 12/31/00	[M] 3 Months Ended 3/31/01	[N] = [M] + [L] - [K] LTM 3/31/01
Revenue	$ 2,277,000	$ 9,899,000	$ 2,451,000	$ 10,073,000

	[O] 3 Months Ended 3/31/00	[P] 12 Months Ended 12/31/00	[Q] 3 Months Ended 3/31/01	[R] = [Q] + [P] - [O] LTM 3/31/01
EBITDA	$ 158,000	$ 1,086,000	$ 181,000	$ 1,109,000
Aircraft Rent	206,000	844,000	214,000	852,000
Other Rent	129,000	532,000	141,000	544,000
EBITDAR	$ 493,000	$ 2,462,000	$ 536,000	$ 2,505,000

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 13,459,046	$ 2,505,000	5.37x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 13,459,046	$ 10,073,000	1.34x

Source: Bloomberg Database, December 31, 2000 Form 10-K and March 31, 2001 Form 10-Q.

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(U.S. dollars in thousands, except stock prices)

Delta Air Lines, Inc.

[A] Stock Price as of 3/31/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 39.50	123,038	$ 4,859,999

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 63,000	$ 5,896,000	$ 134,000	$ 233,000	$ 9,437,765	$ 15,763,765

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 4,859,999	$ 15,763,765	$ 20,623,764

	[K] 3 Months Ended 3/31/00	[L] 12 Months Ended 12/31/00	[M] 3 Months Ended 3/31/01	[N] = [M] + [L] - [K] LTM 3/31/01
Revenue	$ 3,911,000	$ 16,741,000	$ 3,842,000	$ 16,672,000

	[O] 3 Months Ended 3/31/00	[P] 12 Months Ended 12/31/00 [1]	[Q] 3 Months Ended 3/31/01	[R] = [Q] + [P] - [O] LTM 3/31/01
EBITDA	$ 640,000	$ 2,932,000	$ 209,000	$ 2,501,000
Aircraft Rent	185,000	741,000	188,000	744,000
Other Rent	188,000	771,000	202,000	785,000
EBITDAR	$ 1,013,000	$ 4,444,000	$ 599,000	$ 4,030,000

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 20,623,764	$ 4,030,000	5.12x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 20,623,764	$ 16,672,000	1.24x

Source: Bloomberg Database, December 31, 2000 Form 10-K and March 31, 2001 Form 10-Q.
[1] Asset writedowns and other special charges were added back to EBITDA.

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(U.S. dollars in thousands, except stock prices)

Southwest Airlines Co.

[A] Stock Price as of 3/31/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 17.75	760,700	$ 13,502,425

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 110,136	$ 754,686	$ -	$ -	$ 2,327,883	$ 3,192,705

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 13,502,425	$ 3,192,705	$ 16,695,130

	[K] 3 Months Ended 3/31/00	[L] 12 Months Ended 12/31/00	[M] 3 Months Ended 3/31/01	[N] = [M] + [L] - [K] LTM 3/31/01
Revenue	$ 1,242,647	$ 5,649,560	$ 1,428,617	$ 5,835,530

	[O] 3 Months Ended 3/31/00	[P] 12 Months Ended 12/31/00	[Q] 3 Months Ended 3/31/01	[R] = [Q] + [P] - [O] LTM 3/31/01
EBITDA	$ 222,106	$ 1,338,749	$ 287,849	$ 1,404,492
Aircraft Rent	49,347	196,328	48,045	195,026
Other Rent	65,019	265,106	70,018	270,105
EBITDAR	$ 336,472	$ 1,800,183	$ 405,912	$ 1,869,623

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 16,695,130	$ 1,869,623	8.93x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 16,695,130	$ 5,835,530	2.86x

Source: Bloomberg Database, December 31, 2000 Form 10-K and March 31, 2001 Form 10-Q.

Mesirow Financial

(U.S. dollars in thousands, except stock prices)

Northwest Airlines Corporation

[A] Stock Price as of 3/31/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 22.63	85,156	$ 1,926,662

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 1,375,000	$ 3,629,000	$ 481,000	$ 230,000	$ 5,263,779	$ 10,978,779

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 1,926,662	$ 10,978,779	$ 12,905,441

	[K] 3 Months Ended 3/31/00	[L] 12 Months Ended 12/31/00	[M] 3 Months Ended 3/31/01	[N] = [M] + [L] - [K] LTM 3/31/01
Revenue	$ 2,509,000	$ 11,415,000	$ 2,611,000	$ 11,517,000

	[O] 3 Months Ended 3/31/00	[P] 12 Months Ended 12/31/00	[Q] 3 Months Ended 3/31/01	[R] = [Q] + [P] - [O] LTM 3/31/01
EBITDA	$ 118,000	$ 1,186,000	$ (108,000)	$ 960,000
Aircraft Rent	100,000	423,000	109,000	432,000
Other Rent	124,000	513,000	130,000	519,000
EBITDAR	$ 342,000	$ 2,122,000	$ 131,000	$ 1,911,000

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 12,905,441	$ 1,911,000	6.75x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 12,905,441	$ 11,517,000	1.12x

Source: Bloomberg Database, December 31, 2000 Form 10-K and March 31, 2001 Form 10-Q.

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(U.S. dollars in thousands, except stock prices)

UAL Corporation

[A] Stock Price as of 3/31/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 33.05	53,118	$ 1,755,562

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 417,000	$ 4,958,000	$ 2,157,000	$ 476,000	$ 12,178,131	$ 20,186,131

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 1,755,562	$ 20,186,131	$ 21,941,693

	[K] 3 Months Ended 3/31/00	[L] 12 Months Ended 12/31/00	[M] 3 Months Ended 3/31/01	[N] = [M] + [L] - [K] LTM 3/31/01
Revenue	$ 4,546,000	$ 19,352,000	$ 4,424,000	$ 19,230,000

	[O] 3 Months Ended 3/31/00 [1]	[P] 12 Months Ended 12/31/00	[Q] 3 Months Ended 3/31/01	[R] = [Q] + [P] - [O] LTM 3/31/01
EBITDA	$ 525,000	$ 1,712,000	$ (139,000)	$ 1,048,000
Aircraft Rent	222,000	919,000	208,000	905,000
Other Rent	229,000	959,000	235,000	965,000
EBITDAR	$ 976,000	$ 3,590,000	$ 304,000	$ 2,918,000

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 21,941,693	$ 2,918,000	7.52x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 21,941,693	$ 19,230,000	1.14x

Source: Bloomberg Database, December 31, 2000 Form 10-K and March 31, 2001 Form 10-Q.
[1] Special charges were added back to EBITDA.

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(U.S. dollars in thousands, except stock prices)

US Airways Group, Inc.

[A] Stock Price as of 3/31/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 35.45	67,096	$ 2,378,553

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 123,000	$ 3,052,000	$ -	$ -	$ 6,215,524	$ 9,390,524

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 2,378,553	$ 9,390,524	$ 11,769,077

	[K] 3 Months Ended 3/31/00	[L] 12 Months Ended 12/31/00	[M] 3 Months Ended 3/31/01	[N] = [M] + [L] - [K] LTM 3/31/01
Revenue	$ 2,098,000	$ 9,269,000	$ 2,241,000	$ 9,412,000

	[O] 3 Months Ended 3/31/00	[P] 12 Months Ended 12/31/00	[Q] 3 Months Ended 3/31/01	[R] = [Q] + [P] - [O] LTM 3/31/01
EBITDA	$ (48,000)	$ 316,000	$ (110,000)	$ 254,000
Aircraft Rent	126,000	519,000	138,000	531,000
Other Rent	112,000	448,000	118,000	454,000
EBITDAR	$ 190,000	$ 1,283,000	$ 146,000	$ 1,239,000

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 11,769,077	$ 1,239,000	9.50x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 11,769,077	$ 9,412,000	1.25x

Source: Bloomberg Database, December 31, 2000 Form 10-K and March 31, 2001 Form 10-Q.

Mesirow Financial
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Trans World Airlines, Inc.
Solvency Analysis
Present Value of Operating Leases
As of March 31, 2001
(U.S. dollars in thousands)

	Midpoint Convention	Estimated Lease Payments Required Under Operating Leases [1]											
		TWA	AirTran	Alaska	America West	AMR	AmTran	Continental	Delta	Southwest	Northwest	UAL	US Airways
2001	0.377	$ 552,708	$ 33,015	$ 185,600	$ 369,670	$ 984,000	$ 83,734	$ 859,000	$ 1,204,000	$ 274,564	$ 655,000	$ 1,553,000	$ 945,000
2002	1.253	538,040	33,571	163,800	336,141	921,000	80,194	814,000	1,218,000	262,142	668,000	1,496,000	835,000
2003	2.253	528,320	34,233	146,100	283,386	931,000	74,303	766,000	1,189,000	237,627	650,000	1,513,000	818,000
2004	3.253	517,836	27,274	120,500	235,472	913,000	73,954	709,000	1,153,000	213,782	641,000	1,522,000	795,000
2005	4.253	507,560	25,969	115,600	220,327	900,000	71,763	688,000	1,138,000	203,385	622,000	1,526,000	778,000
2006	5.253	497,488	24,726	110,899	206,156	887,185	69,637	667,622	1,123,195	193,494	603,563	1,530,011	761,364
2007	6.253	487,616	23,543	106,390	192,897	874,553	67,574	647,848	1,108,583	184,083	585,673	1,534,032	745,083
2008	7.253	477,940	22,417	102,063	180,490	862,100	65,572	628,659	1,094,161	175,131	568,313	1,538,063	729,150
2009	8.253	468,455	21,344	97,913	168,881	849,825	63,629	610,039	1,079,926	166,613	551,467	1,542,105	713,558
2010	9.253	459,159	20,323	93,932	158,019	837,724	61,744	591,970	1,065,877	158,510	535,121	1,546,158	698,300
2011	10.253	365,036	19,351	90,112	147,856	825,796	59,915	574,436	1,052,010	150,801	519,260	1,550,222	683,368
2012	11.253		18,425	86,448	138,346	814,038	58,140	557,422	1,038,324	143,467	503,868	1,554,296	668,755
2013	12.253		17,543	82,932	129,448	802,447	56,417	540,911	1,024,816	136,490	488,933	1,558,381	654,454
2014	13.253		16,704	79,560	121,122	791,021	54,746	524,890	631,108	129,852	474,440	1,562,476	362,969
2015	14.253		5,091	76,325	113,332	779,758	53,124	509,343		123,537	460,377	1,566,583	
2016	15.253			62,126	106,043	768,655	51,550	494,257		117,529	446,731	1,241,674	
2017	16.253				99,222	757,710	13,795	39,604		22,284	186,253		
2018	17.253				58,531	746,922							
2019	18.253					708,265							
Pretax Cost of Debt [2]		*12.97%*	*12.97%*	*9.79%*	*11.25%*	*8.67%*	*12.97%*	*11.25%*	*8.48%*	*7.64%*	*11.25%*	*9.79%*	*12.97%*
PV of Operating Leases [3]		$ 3,022,492	$ 178,383	$ 979,024	$ 1,748,312	$ 8,237,533	$ 491,199	$ 5,202,933	$ 9,182,294	$ 1,805,784	$ 4,549,337	$ 12,573,393	$ 5,136,572
7x 2001 Operating Leases [4]		$ 3,868,956	$ 231,105	$ 1,299,200	$ 2,587,690	$ 6,888,000	$ 586,138	$ 6,013,000	$ 8,428,000	$ 1,921,948	$ 4,585,000	$ 10,871,000	$ 6,615,000
7x 2000 Operating Leases [5]		$ 5,333,762	$ 332,416	$ 2,046,100	$ 3,329,095	$ 11,347,000	$ 648,669	$ 9,772,000	$ 10,703,000	$ 3,255,917	$ 6,657,000	$ 13,090,000	$ 6,895,000
Average Operating Leases		$ 4,075,070	$ 247,301	$ 1,441,441	$ 2,555,032	$ 8,824,178	$ 575,335	$ 6,995,978	$ 9,437,765	$ 2,327,883	$ 5,263,779	$ 12,178,131	$ 6,215,524
Partial Period Adjustment		0.753											

Notes:

[1] Estimated future lease payments for Guideline Companies through 2005 obtained from the respective December 31, 2000 Form 10-Ks. After 2005, the lease payments were gradually reduced until the cumulative amount equaled the "2006 and subsequent" balance shown in each Form 10-K. For TWA, the 2000 Form 10-K was unavailable therefore we used the 1999 Form 10-K and followed the same process.

[2] Cost of debt is based on the yield of the bond index corresponding to each companies respective credit rating. Source: Bloomberg

[3] Present value calculated using the respective cost of debt and applies the midpoint discounting convention. Note, this calculation excludes new lease commitments entered into after December 31, 2000.

[4] Calculated as seven times the respective 2001 estimated future operating lease expense per each companies December 31, 2000 Form 10-K (as shown above).

[5] Calculated as seven times the respective 2000 historical operating lease expense per each companies December 31, 2000 Form 10-K. Refer to Exhibit 4 - B pages 3 to 13 for March 31, 2001 LTM operating leases.

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Trans World Airlines, Inc.
Solvency Analysis
Market Approach: Guideline Publicly Traded Company Method
As of June 30, 2001
(U.S. dollars in thousands)

	Market Multiples [1] [2]	
Guideline Company	TIC/LTM Revenue	TIC/LTM EBITDAR
AirTran Holdings, LLC	1.77x	6.9x
Alaska Air Group Inc.	1.30x	6.6x
America West Holdings Corporation	1.39x	5.6x
AMR Corporation	1.10x	6.2x
AmTran, Inc.	1.07x	6.3x
Continental Airlines, Inc.	1.40x	5.9x
Delta Air Lines, Inc.	1.37x	6.6x
Southwest Airlines Co.	2.92x	9.3x
Northwest Airlines Corporation	1.09x	7.5x
UAL Corporation	1.17x	11.5x
US Airways Group, Inc.	1.19x	10.0x
Average	1.43x	7.5x
Median	1.30x	6.6x
First Quartile	1.10x	6.2x
Third Quartile	1.40x	9.3x
Coefficient of Variance	35.4%	24.1%
Selected Multiple [3]	**1.10**	**6.2**
Times: TWA Financials	$ 3,456,676	$ 621,283
Indicated Value	3,801,782	3,863,781
Less: Working Capital Deficiency [4] [5]	(226,899)	(226,899)
Indicated Value of Total Invested Capital	$ 3,574,883	$ 3,636,883
Less: Interest-Bearing Debt [4] [6]	(880,972)	(880,972)
Less: Capital Leases [4]	(117,810)	(117,810)
Less: Present Value of Operating Leases [4] [7]	(4,031,428)	(4,031,428)
Indicated Value of Equity	**$ (1,455,327)**	**$ (1,393,328)**

Notes:

[1] Market Multiples calculated using most recent twelve months of financial data as of the Valuation Date. Refer to Exhibit 4 - C pages 3 to 13.

[2] Total Invested Capital "TIC" is the sum of the market value of equity, gross debt, preferred stock, capitalized leases, and the present value of operating leases.

[3] The first quartile multiple was selected based on TWA's size, profitability, and growth relative to the Guideline Companies. Refer to Exhibit 4 - C page 2.

[4] June 30, 2001 balance sheet is not available, data relies on March 31, 2001 balances.

[5] TWA's working capital balance (including cash) was approximately negative $503 million as of 3/31/2001. Based on a review of TWA's historical levels and the Guideline Companies, the required normalized level of working capital was assumed to be -8.0% of annual revenue or approximately negative $278 million as of 6/30/2001. This results in a working capital deficiency of approximately $227 million.

[6] Includes $200 million debtor-in-possession financing.

[7] Refer to Exhibit 4 - C page 14.

(U.S. dollars in millions)

Growth (LTM Revenue)	
AirTran Holdings, LLC	32.3%
Southwest Airlines Co.	15.3%
AmTran, Inc.	10.6%
AMR Corporation	9.0%
Continental Airlines, Inc.	8.6%
US Airways Group, Inc.	8.0%
Northwest Airlines Corporation	5.1%
Alaska Air Group Inc.	4.5%
America West Holdings Corporation	1.5%
Trans World Airlines, Inc.	**0.4%**
Delta Air Lines, Inc.	0.4%
UAL Corporation	-1.0%
Mean	7.9%
Median	6.6%
First Quartile	0.7%
Third Quartile	10.2%

Growth (LTM EBITDA)	
AirTran Holdings, LLC	35.9%
Southwest Airlines Co.	23.4%
Continental Airlines, Inc.	-3.7%
AmTran, Inc.	-22.3%
AMR Corporation	-27.9%
Delta Air Lines, Inc.	-39.9%
Northwest Airlines Corporation	-44.4%
Alaska Air Group Inc.	-48.3%
US Airways Group, Inc.	-48.4%
Trans World Airlines, Inc.	**-58.5%**
America West Holdings Corporation	-72.6%
UAL Corporation	-98.1%
Mean	-33.7%
Median	-42.2%
First Quartile	-56.0%
Third Quartile	-8.3%

Growth (LTM EBITDAR)	
AirTran Holdings, LLC	41.7%
Southwest Airlines Co.	18.2%
Continental Airlines, Inc.	1.9%
US Airways Group, Inc.	-2.0%
Trans World Airlines, Inc.	**-2.7%**
AmTran, Inc.	-6.2%
AMR Corporation	-12.9%
Alaska Air Group Inc.	-20.7%
Northwest Airlines Corporation	-22.4%
America West Holdings Corporation	-24.0%
Delta Air Lines, Inc.	-24.8%
UAL Corporation	-57.6%
Mean	-9.3%
Median	-9.6%
First Quartile	-23.6%
Third Quartile	0.9%

Profitability (LTM EBIT Margin)	
Southwest Airlines Co.	17.7%
AirTran Holdings, LLC	13.5%
Continental Airlines, Inc.	5.4%
Delta Air Lines, Inc.	3.4%
AMR Corporation	2.8%
Northwest Airlines Corporation	0.4%
AmTran, Inc.	-0.3%
Alaska Air Group Inc.	-2.4%
US Airways Group, Inc.	-3.1%
America West Holdings Corporation	-4.8%
UAL Corporation	-5.6%
Trans World Airlines, Inc.	**-6.7%**
Mean	1.7%
Median	0.1%
First Quartile	-4.4%
Third Quartile	4.9%

Profitability (LTM EBITDA Margin)	
Southwest Airlines Co.	23.5%
AirTran Holdings, LLC	18.0%
Delta Air Lines, Inc.	11.2%
Continental Airlines, Inc.	9.7%
AmTran, Inc.	9.5%
AMR Corporation	9.1%
Alaska Air Group Inc.	6.3%
Northwest Airlines Corporation	6.0%
America West Holdings Corporation	3.8%
US Airways Group, Inc.	1.2%
UAL Corporation	0.3%
Trans World Airlines, Inc.	**-3.1%**
Mean	7.9%
Median	7.7%
First Quartile	1.9%
Third Quartile	10.8%

Profitability (LTM EBITDAR Margin)	
Southwest Airlines Co.	31.5%
AirTran Holdings, LLC	25.7%
America West Holdings Corporation	24.6%
Continental Airlines, Inc.	23.8%
Delta Air Lines, Inc.	20.7%
Alaska Air Group Inc.	19.7%
Trans World Airlines, Inc.	**18.0%**
AMR Corporation	17.7%
AmTran, Inc.	16.8%
Northwest Airlines Corporation	14.5%
US Airways Group, Inc.	12.0%
UAL Corporation	10.2%
Mean	19.6%
Median	18.9%
First Quartile	15.1%
Third Quartile	24.4%

Size (Market Value of Equity)	
Southwest Airlines Co.	$ 14,102.3
AMR Corporation	5,578.8
Delta Air Lines, Inc.	5,424.9
Continental Airlines, Inc.	2,693.2
Northwest Airlines Corporation	2,151.9
UAL Corporation	1,898.4
US Airways Group, Inc.	1,629.8
Alaska Air Group Inc.	765.6
AirTran Holdings, LLC	683.4
America West Holdings Corporation	335.4
AmTran, Inc.	251.1
Trans World Airlines, Inc.	**3.2**
Mean	2,959.8
Median	1,764.1
First Quartile	422.4
Third Quartile	4,741.9

Size (Total Assets)	
AMR Corporation	$ 29,002.0
UAL Corporation	24,914.0
Delta Air Lines, Inc.	22,881.0
Northwest Airlines Corporation	11,630.0
US Airways Group, Inc.	9,564.0
Continental Airlines, Inc.	9,496.0
Southwest Airlines Co.	7,468.7
Alaska Air Group Inc.	2,706.7
Trans World Airlines, Inc.	**2,113.5**
America West Holdings Corporation	1,631.8
AmTran, Inc.	1,106.5
AirTran Holdings, LLC	524.1
Mean	10,253.2
Median	8,482.3
First Quartile	1,752.2
Third Quartile	20,068.3

Size (LTM Revenue)	
AMR Corporation	$ 20,458.0
UAL Corporation	18,780.0
Delta Air Lines, Inc.	15,979.0
Northwest Airlines Corporation	11,347.0
Continental Airlines, Inc.	10,059.0
US Airways Group, Inc.	9,472.0
Southwest Airlines Co.	5,928.6
Trans World Airlines, Inc.	**3,456.7**
America West Holdings Corporation	2,338.2
Alaska Air Group Inc.	2,230.0
AmTran, Inc.	1,343.0
AirTran Holdings, LLC	710.4
Mean	8,508.5
Median	7,700.3
First Quartile	2,257.1
Third Quartile	14,821.0

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(U.S. dollars in thousands, except stock prices)

AirTran Holdings, LLC

[A] Stock Price as of 6/30/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 10.25	66,676	$ 683,429

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 47,275	$ 261,248	$ -	$ -	$ 266,606	$ 575,129

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 683,429	$ 575,129	$ 1,258,558

	[K] 6 Months Ended 6/30/00	[L] 12 Months Ended 12/31/00	[M] 6 Months Ended 6/30/01	[N] = [M] + [L] - [K] LTM 6/30/01
Revenue	$ 293,177	$ 624,094	$ 379,506	$ 710,423

	[O] 6 Months Ended 6/30/00	[P] 12 Months Ended 12/31/00	[Q] 6 Months Ended 6/30/01 [1]	[R] = [Q] + [P] - [O] LTM 6/30/01
EBITDA	$ 55,257	$ 107,229	$ 75,711	$ 127,683
Aircraft Rent	4,992	12,616	14,068	21,692
Other Rent	13,739	28,752	18,177	33,190
EBITDAR	$ 73,988	$ 148,597	$ 107,956	$ 182,565

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 1,258,558	$ 182,565	6.89x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 1,258,558	$ 710,423	1.77x

Source: Bloomberg Database, December 31, 2000 Form 10-K and June 30, 2001 Form 10-Q.
[1] Impairment loss/lease termination was added back to EBITDA.

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(U.S. dollars in thousands, except stock prices)

Alaska Air Group Inc.

[A] Stock Price as of 6/30/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 28.90	26,492	$ 765,608

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 38,600	$ 656,000	$ -	$ -	$ 1,443,571	$ 2,138,171

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 765,608	$ 2,138,171	$ 2,903,779

	[K] 6 Months Ended 6/30/00	[L] 12 Months Ended 12/31/00	[M] 6 Months Ended 6/30/01	[N] = [M] + [L] - [K] LTM 6/30/01
Revenue	$ 1,042,500	$ 2,177,200	$ 1,095,300	$ 2,230,000

	[O] 3 Months Ended 3/31/00 [1]	[P] 12 Months Ended 12/31/00 [1]	[Q] 3 Months Ended 3/31/01 [1]	[R] = [Q] + [P] - [O] LTM 6/30/01
EBITDA	$ 95,800	$ 174,200	$ 62,900	$ 141,300
Aircraft Rent	93,100	186,800	92,500	186,200
Other Rent	46,300	99,800	59,000	112,500
EBITDAR	$ 235,200	$ 460,800	$ 214,400	$ 440,000

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 2,903,779	$ 440,000	6.60x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 2,903,779	$ 2,230,000	1.30x

Source: Bloomberg Database, December 31, 2000 Form 10-K and June 30, 2001 Form 10-Q.
[1] Special charges and loss (gain) on sale of assets were added back to EBITDA.

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(U.S. dollars in thousands, except stock prices)

America West Holdings Corporation

[A] Stock Price as of 6/30/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 9.97	33,642	$ 335,409

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 133,435	$ 196,520	$ -	$ -	$ 2,582,322	$ 2,912,277

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 335,409	$ 2,912,277	$ 3,247,686

	[K] 6 Months Ended 6/30/00	[L] 12 Months Ended 12/31/00	[M] 6 Months Ended 6/30/01	[N] = [M] + [L] - [K] LTM 6/30/01
Revenue	$ 1,180,819	$ 2,344,354	$ 1,174,672	$ 2,338,207

	[O] 6 Months Ended 6/30/00	[P] 12 Months Ended 12/31/00 [1]	[Q] 6 Months Ended 6/30/01 [2]	[R] = [Q] + [P] - [O] LTM 6/30/01
EBITDA	$ 95,731	$ 198,671	$ (13,305)	$ 89,635
Aircraft Rent	160,959	331,005	176,880	346,926
Other Rent	62,049	130,680	70,189	138,820
EBITDAR	$ 318,739	$ 660,356	$ 233,764	$ 575,381

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 3,247,686	$ 575,381	5.64x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 3,247,686	$ 2,338,207	1.39x

Source: Bloomberg Database, December 31, 2000 Form 10-K and June 30, 2001 Form 10-Q.
[1] Non-recurring charges less a $4.1 million settlement recovery were added back to EBITDA.
[2] Special charges less an $11.0 million settlement recovery were added back to EBITDA.

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(U.S. dollars in thousands, except stock prices)

AMR Corporation

[A] Stock Price as of 6/30/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 36.13	154,408	$ 5,578,755

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 301,000	$ 5,554,000	$ 1,925,000	$ -	$ 9,141,721	$ 16,921,721

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 5,578,755	$ 16,921,721	$ 22,500,475

	[K] 6 Months Ended 6/30/00	[L] 12 Months Ended 12/31/00	[M] 6 Months Ended 6/30/01	[N] = [M] + [L] - [K] LTM 6/30/01
Revenue	$ 9,588,000	$ 19,703,000	$ 10,343,000	$ 20,458,000

	[O] 6 Months Ended 6/30/00	[P] 12 Months Ended 12/31/00	[Q] 6 Months Ended 6/30/01 [1]	[R] = [Q] + [P] - [O] LTM 6/30/01
EBITDA	$ 1,311,000	$ 2,583,000	$ 586,000	$ 1,858,000
Aircraft Rent	304,000	607,000	374,000	677,000
Other Rent	493,000	999,000	577,000	1,083,000
EBITDAR	$ 2,108,000	$ 4,189,000	$ 1,537,000	$ 3,618,000

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 22,500,475	$ 3,618,000	6.22x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 22,500,475	$ 20,458,000	1.10x

Source: Bloomberg Database, December 31, 2000 Form 10-K and June 30, 2001 Form 10-Q.
[1] Asset impairment charge was added back to EBITDA.

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Trans World Airlines, Inc.
Solvency Analysis
Market Approach: Guideline Publicly Traded Company Method
As of June 30, 2001
(U.S. dollars in thousands, except stock prices)

AmTran, Inc.

[A] Stock Price as of 6/30/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 21.89	11,471	$ 251,105

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 125,139	$ 381,733	$ -	$ 80,000	$ 595,958	$ 1,182,830

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 251,105	$ 1,182,830	$ 1,433,934

	[K] 6 Months Ended 6/30/00	[L] 12 Months Ended 12/31/00	[M] 6 Months Ended 6/30/01	[N] = [M] + [L] - [K] LTM 6/30/01
Revenue	$ 654,900	$ 1,291,553	$ 706,380	$ 1,343,033

	[O] 6 Months Ended 6/30/00	[P] 12 Months Ended 12/31/00	[Q] 6 Months Ended 6/30/01	[R] = [Q] + [P] - [O] LTM 6/30/01
EBITDA	$ 83,539	$ 127,611	$ 83,569	$ 127,641
Aircraft Rent	32,862	72,145	41,395	80,678
Other Rent	7,622	15,817	9,323	17,518
EBITDAR	$ 124,023	$ 215,573	$ 134,287	$ 225,837

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 1,433,934	$ 225,837	6.35x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 1,433,934	$ 1,343,033	1.07x

Source: Bloomberg Database, December 31, 2000 Form 10-K and June 30, 2001 Form 10-Q.

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Trans World Airlines, Inc.
Solvency Analysis
Market Approach: Guideline Publicly Traded Company Method
As of June 30, 2001
(U.S. dollars in thousands, except stock prices)

Continental Airlines, Inc.

[A] Stock Price as of 6/30/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 49.25	54,683	$ 2,693,155

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 372,000	$ 3,967,000	$ -	$ -	$ 7,099,962	$ 11,438,962

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 2,693,155	$ 11,438,962	$ 14,132,117

	[K] 6 Months Ended 6/30/00	[L] 12 Months Ended 12/31/00	[M] 6 Months Ended 6/30/01	[N] = [M] + [L] - [K] LTM 6/30/01
Revenue	$ 4,848,000	$ 9,899,000	$ 5,008,000	$ 10,059,000

	[O] 6 Months Ended 6/30/00	[P] 12 Months Ended 12/31/00	[Q] 6 Months Ended 6/30/01	[R] = [Q] + [P] - [O] LTM 6/30/01
EBITDA	$ 542,000	$ 1,086,000	$ 429,000	$ 973,000
Aircraft Rent	416,000	844,000	437,000	865,000
Other Rent	267,000	532,000	294,000	559,000
EBITDAR	$ 1,225,000	$ 2,462,000	$ 1,160,000	$ 2,397,000

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 14,132,117	$ 2,397,000	5.90x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 14,132,117	$ 10,059,000	1.40x

Source: Bloomberg Database, December 31, 2000 Form 10-K and June 30, 2001 Form 10-Q.

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(U.S. dollars in thousands, except stock prices)

Delta Air Lines, Inc.

[A] Stock Price as of 6/30/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 44.08	123,069	$ 5,424,879

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 851,000	$ 5,860,000	$ 130,000	$ 231,000	$ 9,413,483	$ 16,485,483

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 5,424,879	$ 16,485,483	$ 21,910,361

	[K] 6 Months Ended 6/30/00	[L] 12 Months Ended 12/31/00	[M] 6 Months Ended 6/30/01	[N] = [M] + [L] - [K] LTM 6/30/01
Revenue	$ 8,380,000	$ 16,741,000	$ 7,618,000	$ 15,979,000

	[O] 6 Months Ended 6/30/00 [1]	[P] 12 Months Ended 12/31/00 [1]	[Q] 6 Months Ended 6/30/01 [1]	[R] = [Q] + [P] - [O] LTM 6/30/01
EBITDA	$ 1,634,000	$ 2,932,000	$ 486,000	$ 1,784,000
Aircraft Rent	371,000	741,000	374,000	744,000
Other Rent	383,000	771,000	398,000	786,000
EBITDAR	$ 2,388,000	$ 4,444,000	$ 1,258,000	$ 3,314,000

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 21,910,361	$ 3,314,000	6.61x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 21,910,361	$ 15,979,000	1.37x

Source: Bloomberg Database, December 31, 2000 Form 10-K and June 30, 2001 Form 10-Q.
[1] Asset writedowns and other special charges were added back to EBITDA.

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Trans World Airlines, Inc.
Solvency Analysis
Market Approach: Guideline Publicly Traded Company Method
As of June 30, 2001
(U.S. dollars in thousands, except stock prices)

Southwest Airlines Co.

[A] Stock Price as of 6/30/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 18.49	762,700	$ 14,102,323

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 110,501	$ 752,602	$ -	$ -	$ 2,341,162	$ 3,204,265

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 14,102,323	$ 3,204,265	$ 17,306,588

	[K] 6 Months Ended 6/30/00	[L] 12 Months Ended 12/31/00	[M] 6 Months Ended 6/30/01	[N] = [M] + [L] - [K] LTM 6/30/01
Revenue	$ 2,703,322	$ 5,649,560	$ 2,982,402	$ 5,928,640

	[O] 6 Months Ended 6/30/00	[P] 12 Months Ended 12/31/00	[Q] 6 Months Ended 6/30/01	[R] = [Q] + [P] - [O] LTM 6/30/01
EBITDA	$ 605,187	$ 1,338,749	$ 656,924	$ 1,390,486
Aircraft Rent	98,370	196,328	95,924	193,882
Other Rent	130,001	265,106	147,174	282,279
EBITDAR	$ 833,558	$ 1,800,183	$ 900,022	$ 1,866,647

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 17,306,588	$ 1,866,647	9.27x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 17,306,588	$ 5,928,640	2.92x

Source: Bloomberg Database, December 31, 2000 Form 10-K and June 30, 2001 Form 10-Q.

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(U.S. dollars in thousands, except stock prices)

Northwest Airlines Corporation

[A] Stock Price as of 6/30/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 25.25	85,224	$ 2,151,913

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 238,000	$ 3,983,000	$ 438,000	$ 229,000	$ 5,336,318	$ 10,224,318

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 2,151,913	$ 10,224,318	$ 12,376,231

	[K] 6 Months Ended 6/30/00	[L] 12 Months Ended 12/31/00	[M] 6 Months Ended 6/30/01	[N] = [M] + [L] - [K] LTM 6/30/01
Revenue	$ 5,394,000	$ 11,415,000	$ 5,326,000	$ 11,347,000

	[O] 6 Months Ended 6/30/00	[P] 12 Months Ended 12/31/00	[Q] 6 Months Ended 6/30/01	[R] = [Q] + [P] - [O] LTM 6/30/01
EBITDA	$ 492,000	$ 1,186,000	$ (14,000)	$ 680,000
Aircraft Rent	205,000	423,000	220,000	438,000
Other Rent	252,000	513,000	264,000	525,000
EBITDAR	$ 949,000	$ 2,122,000	$ 470,000	$ 1,643,000

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 12,376,231	$ 1,643,000	7.53x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 12,376,231	$ 11,347,000	1.09x

Source: Bloomberg Database, December 31, 2000 Form 10-K and June 30, 2001 Form 10-Q.

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(U.S. dollars in thousands, except stock prices)

UAL Corporation

[A] Stock Price as of 6/30/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 35.15	54,009	$ 1,898,432

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 930,000	$ 4,619,000	$ 2,061,000	$ 443,000	$ 12,071,175	$ 20,124,175

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 1,898,432	$ 20,124,175	$ 22,022,608

	[K] 6 Months Ended 6/30/00	[L] 12 Months Ended 12/31/00	[M] 6 Months Ended 6/30/01	[N] = [M] + [L] - [K] LTM 6/30/01
Revenue	$ 9,654,000	$ 19,352,000	$ 9,082,000	$ 18,780,000

	[O] 6 Months Ended 6/30/00 [1]	[P] 12 Months Ended 12/31/00	[Q] 6 Months Ended 6/30/01 [1]	[R] = [Q] + [P] - [O] LTM 6/30/01
EBITDA	$ 1,438,000	$ 1,712,000	$ (224,000)	$ 50,000
Aircraft Rent	444,000	919,000	413,000	888,000
Other Rent	475,000	959,000	499,000	983,000
EBITDAR	$ 2,357,000	$ 3,590,000	$ 688,000	$ 1,921,000

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 22,022,608	$ 1,921,000	11.46x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 22,022,608	$ 18,780,000	1.17x

Source: Bloomberg Database, December 31, 2000 Form 10-K and June 30, 2001 Form 10-Q.
[1] Special charges and US Airways merger related charges were added back to EBITDA.

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(U.S. dollars in thousands, except stock prices)

US Airways Group, Inc.

[A] Stock Price as of 6/30/01	[B] Shares Outstanding	[C] = [A] * [B] Market Value of Equity (MVE)
$ 24.30	67,070	$ 1,629,801

[D] Current Maturities of LT Debt	[E] Long Term Debt	[F] Capital Leases	[G] Preferred Stock	[H] PV of Operating Leases	[I] = [D] + [E] + [F] + [G] + [H] Total Debt
$ 132,000	$ 3,177,000	$ -	$ -	$ 6,357,829	$ 9,666,829

[C] Market Value of Equity (MVE)	[I] Total Debt	[J] = [C] + [I] Total Enterprise Value
$ 1,629,801	$ 9,666,829	$ 11,296,630

	[K] 6 Months Ended 6/30/00	[L] 12 Months Ended 12/31/00	[M] 6 Months Ended 6/30/01	[N] = [M] + [L] - [K] LTM 6/30/01
Revenue	$ 4,531,000	$ 9,269,000	$ 4,734,000	$ 9,472,000

	[O] 6 Months Ended 6/30/00	[P] 12 Months Ended 12/31/00	[Q] 6 Months Ended 6/30/01	[R] = [Q] + [P] - [O] LTM 6/30/01
EBITDA	$ 212,000	$ 316,000	$ 11,000	$ 115,000
Aircraft Rent	250,000	519,000	283,000	552,000
Other Rent	220,000	448,000	238,000	466,000
EBITDAR	$ 682,000	$ 1,283,000	$ 532,000	$ 1,133,000

[J] Total Enterprise Value	[R] LTM EBITDAR	[S] = [J] / [R] TEV/ EBITDAR
$ 11,296,630	$ 1,133,000	9.97x

[J] Total Enterprise Value	[N] LTM Revenue	[T] = [J] / [N] TEV/ Revenue
$ 11,296,630	$ 9,472,000	1.19x

Source: Bloomberg Database, December 31, 2000 Form 10-K and June 30, 2001 Form 10-Q.

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Trans World Airlines, Inc.
Solvency Analysis
Present Value of Operating Leases
As of June 30, 2001
(U.S. dollars in thousands)

	Midpoint Convention	Estimated Lease Payments Required Under Operating Leases [1]											
		TWA	AirTran	Alaska	America West	AMR	AmTran	Continental	Delta	Southwest	Northwest	UAL	US Airways
2001	0.252	**$ 552,708**	**$ 33,015**	**$ 185,600**	**$ 369,670**	**$ 984,000**	**$ 83,734**	**$ 859,000**	**$ 1,204,000**	**$ 274,564**	**$ 655,000**	**$ 1,553,000**	**$ 945,000**
2002	1.004	**538,040**	**33,571**	**163,800**	**336,141**	**921,000**	**80,194**	**814,000**	**1,218,000**	**262,142**	**668,000**	**1,496,000**	**835,000**
2003	2.004	**528,320**	**34,233**	**146,100**	**283,386**	**931,000**	**74,303**	**766,000**	**1,189,000**	**237,627**	**650,000**	**1,513,000**	**818,000**
2004	3.004	**517,836**	**27,274**	**120,500**	**235,472**	**913,000**	**73,954**	**709,000**	**1,153,000**	**213,782**	**641,000**	**1,522,000**	**795,000**
2005	4.004	507,560	**25,969**	**115,600**	**220,327**	**900,000**	**71,763**	**688,000**	**1,138,000**	**203,385**	**622,000**	**1,526,000**	**778,000**
2006	5.004	497,488	24,726	110,899	206,156	887,185	69,637	667,622	1,123,195	193,494	603,563	1,530,011	761,364
2007	6.004	487,616	23,543	106,390	192,897	874,553	67,574	647,848	1,108,583	184,083	585,673	1,534,032	745,083
2008	7.004	477,940	22,417	102,063	180,490	862,100	65,572	628,659	1,094,161	175,131	568,313	1,538,063	729,150
2009	8.004	468,455	21,344	97,913	168,881	849,825	63,629	610,039	1,079,926	166,613	551,467	1,542,105	713,558
2010	9.004	459,159	20,323	93,932	158,019	837,724	61,744	591,970	1,065,877	158,510	535,121	1,546,158	698,300
2011	10.004	365,036	19,351	90,112	147,856	825,796	59,915	574,436	1,052,010	150,801	519,260	1,550,222	683,368
2012	11.004		18,425	86,448	138,346	814,038	58,140	557,422	1,038,324	143,467	503,868	1,554,296	668,755
2013	12.004		17,543	82,932	129,448	802,447	56,417	540,911	1,024,816	136,490	488,933	1,558,381	654,454
2014	13.004		16,704	79,560	121,122	791,021	54,746	524,890	631,108	129,852	474,440	1,562,476	362,969
2015	14.004		5,091	76,325	113,332	779,758	53,124	509,343		123,537	460,377	1,566,583	
2016	15.004			62,126	106,043	768,655	51,550	494,257		117,529	446,731	1,241,674	
2017	16.004				99,222	757,710	13,795	39,604		22,284	186,253		
2018	17.004				58,531	746,922							
2019	18.004					708,265							
Pretax Cost of Debt [2]		*11.68%*	*11.68%*	*10.14%*	*10.46%*	*8.56%*	*11.68%*	*10.46%*	*8.40%*	*7.66%*	*10.46%*	*10.14%*	*11.68%*
PV of Operating Leases [3]		**$ 3,115,748**	$ 184,538	$ 940,614	$ 1,759,055	$ 8,217,163	$ 514,364	$ 5,318,885	$ 9,102,448	$ 1,768,412	$ 4,682,954	$ 12,245,526	$ 5,332,488
7x 2001 Operating Leases [4]		**$ 3,868,956**	$ 231,105	$ 1,299,200	$ 2,587,690	$ 6,888,000	$ 586,138	$ 6,013,000	$ 8,428,000	$ 1,921,948	$ 4,585,000	$ 10,871,000	$ 6,615,000
7x 2000 Operating Leases [5]		**$ 5,109,581**	$ 384,174	$ 2,090,900	$ 3,400,222	$ 12,320,000	$ 687,372	$ 9,968,000	$ 10,710,000	$ 3,333,127	$ 6,741,000	$ 13,097,000	$ 7,126,000
Average Operating Leases		**$ 4,031,428**	$ 266,606	$ 1,443,571	$ 2,582,322	$ 9,141,721	$ 595,958	$ 7,099,962	$ 9,413,483	$ 2,341,162	$ 5,336,318	$ 12,071,175	$ 6,357,829
Partial Period Adjustment		0.504											

Notes:

[1] Estimated future lease payments for Guideline Companies through 2005 obtained from the respective December 31, 2000 Form 10-Ks. After 2005, the lease payments were gradually reduced until the cumulative amount equaled the "2006 and subsequent" balance shown in each Form 10-K. For TWA, the 2000 Form 10-K was unavailable therefore we used the 1999 Form 10-K and followed the same process.

[2] Cost of debt is based on the yield of the bond index corresponding to each companies respective credit rating. Source: Bloomberg

[3] Present value calculated using the respective cost of debt and applies the midpoint discounting convention. Note, this calculation excludes new lease commitments entered into after December 31, 2000.

[4] Calculated as seven times the respective 2001 estimated future operating lease expense per each companies December 31, 2000 Form 10-K (as shown above).

[5] Calculated as seven times the respective 2000 historical operating lease expense per each companies December 31, 2000 Form 10-K. Refer to Exhibit 4 - C pages 3 to 13 for June 30, 2001 LTM operating leases.

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EXHIBIT 5

Trans World Airlines, Inc. | **Exhibit 5 - A**
Solvency Analysis | Page 1 of 2
As of December 31, 2000
Income Approach: Capitalized Cash Flow Method
(U.S. dollars in thousands)
Summary

Present Value of Residual Available Cash Flow	3,928,515
Less: Working Capital Deficiency [1]	(297,813)
Indicated Value of Total Invested Capital	3,630,703
Less: Interest-Bearing Debt	(685,655)
Less: Capital Leases	(129,388)
Less: Present Value of Operating Leases [2]	(4,092,725)
Indicated Equity Surplus / (Deficit)	**(1,277,066)**

Notes:

[1] TWA's working capital balance (including cash) was approximately negative $586 million as of 12/31/2000. Based on a review of TWA's historical levels and the Guideline Companies, the required normalized level of working capital was assumed to be -8.0% of annual revenue or approximately negative $288 million as of 12/31/2000. This results in a working capital deficiency of approximately $298 million.

[2] Refer to Exhibit 4 - A page 14.

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Trans World Airlines, Inc.
Solvency Analysis
As of December 31, 2000
Income Approach: Capitalized Cash Flow Method
(U.S. dollars in thousands)
Capitalized Cash Flow Model

	Historical Year Ended					
	12/31/1996	12/31/1997	12/31/1998	12/31/1999	12/31/2000	Normalized Residual Year [1]
Total Revenue	$ 3,554,407	$ 3,327,952	$ 3,259,147	$ 3,308,712	$ 3,605,854	$ 3,699,606
Revenue Growth		*-6.4%*	*-2.1%*	*1.5%*	*9.0%*	*2.6%*
Operating Expenses						
Salaries and Benefits	(1,254,341)	(1,228,315)	(1,226,420)	(1,270,645)	(1,336,592)	(1,371,343)
Aircraft Fuel and Oil	(585,163)	(480,853)	(344,603)	(396,517)	(612,158)	(628,074)
Maintenance Related	(208,183)	(138,353)	(129,663)	(142,461)	(120,580)	(123,715)
Sales Commissions	(268,131)	(242,135)	(197,927)	(180,532)	(132,167)	(135,603)
Aircraft Rent	(302,990)	(262,793)	(331,071)	(425,672)	(556,306)	n/a
Other Rent & Landing Fees	-	(175,489)	(193,446)	(199,208)	(197,506)	n/a
Depreciation and Amortization	(161,822)	(150,381)	(152,997)	(140,908)	(129,641)	(133,012)
All Other	(886,389)	(678,893)	(705,547)	(685,888)	(703,244)	(721,528)
Total Operating Expenses	(3,667,019)	(3,357,212)	(3,281,674)	(3,441,831)	(3,788,194)	(3,113,276)
Operating Income/EBIT	(112,612)	(29,260)	(22,527)	(133,119)	(182,340)	586,330

Cash Flow	
EBIT	$ 586,330
Less: Income Taxes (cash taxes)	(230,428)
Plus: Depreciation and Amortization	133,012
Less: Capital Expenditures	(133,012)
Less: Working Capital Investment (Increase)/Decrease	7,500
Available Cash Flow	$ 363,403

Residual Calculation	
Residual Cash Flow	$ 363,403
Divided By: Cap Rate (r-g) [2]	9.3%
Equal: Residual Value	$ 3,928,515

Margin Analysis						
EBITDAR	$ 352,200	$ 559,403	$ 654,987	$ 632,669	$ 701,113	719,342
EBITDAR as a % of Revenue	9.9%	16.8%	20.1%	19.1%	19.4%	19.4%
EBITDA	$ 49,210	$ 121,121	$ 130,470	$ 7,789	$ (52,699)	n/m
EBITDA as a % of Revenue	1.4%	3.6%	4.0%	0.2%	-1.5%	n/m
EBIT	$ (112,612)	$ (29,260)	$ (22,527)	$ (133,119)	$ (182,340)	n/m
EBIT as a % of Revenue	-3.2%	-0.9%	-0.7%	-4.0%	-5.1%	n/m

Notes:
[1] Normalized residual year assumptions are as follows: Revenue is assumed to grow at an inflationary rate of 2.6% based on the forecasted consumer price index. Operating expenses are assumed to be consistent (as a percent of revenue) with FY 2000. Aircraft and other rent expenses were excluded and capitalized as a debt obligation. Capital expenditures and depreciation & amortization are assumed to offset.
[2] Residual calculation utilizes the Gordon Growth Model. The Cap Rate is calculated as the WACC of 11.9% minus the residual growth of 2.6%.

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Trans World Airlines, Inc. | **Exhibit 5 - B**
Solvency Analysis | Page 1 of 2
As of March 31, 2001
Income Approach: Capitalized Cash Flow Method
(U.S. dollars in thousands)
Summary

Present Value of Residual Available Cash Flow	4,019,576
Less: Working Capital Deficiency [1]	(216,647)
Indicated Value of Total Invested Capital	3,802,930
Less: Interest-Bearing Debt	(880,972)
Less: Capital Leases	(117,810)
Less: Present Value of Operating Leases [2]	(4,075,070)
Indicated Equity Surplus / (Deficit)	**(1,270,922)**

Notes:

[1] TWA's working capital balance (including cash) was approximately negative $503 million as of 3/31/2001. Based on a review of TWA's historical levels and the Guideline Companies, the required normalized level of working capital was assumed to be -8.0% of annual revenue or approximately negative $287 million as of 3/31/2001. This results in a working capital deficiency of approximately $217 million.

[2] Refer to Exhibit 4 - B page 14.

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Trans World Airlines, Inc.
Solvency Analysis
As of March 31, 2001
Income Approach: Capitalized Cash Flow Method
(U.S. dollars in thousands)
Capitalized Cash Flow Model

	Historical Year Ended					*LTM*	
	12/31/1996	12/31/1997	12/31/1998	12/31/1999	12/31/2000	3/31/2001	Normalized Residual Year [1]
Total Revenue	$ 3,554,407	$ 3,327,952	$ 3,259,147	$ 3,308,712	$ 3,605,854	$ 3,584,831	$ 3,678,037
Revenue Growth		*-6.4%*	*-2.1%*	*1.5%*	*9.0%*		*2.6%*
Operating Expenses							
Salaries and Benefits	(1,254,341)	(1,228,315)	(1,226,420)	(1,270,645)	(1,336,592)	(1,330,255)	(1,364,842)
Aircraft Fuel and Oil	(585,163)	(480,853)	(344,603)	(396,517)	(612,158)	(612,623)	(628,551)
Maintenance Related	(208,183)	(138,353)	(129,663)	(142,461)	(120,580)	(119,007)	(122,101)
Sales Commissions	(268,131)	(242,135)	(197,927)	(180,532)	(132,167)	(127,020)	(130,323)
Aircraft Rent	(302,990)	(262,793)	(331,071)	(425,672)	(556,306)	(565,673)	n/a
Other Rent & Landing Fees	-	(175,489)	(193,446)	(199,208)	(197,506)	(196,293)	n/a
Depreciation and Amortization	(161,822)	(150,381)	(152,997)	(140,908)	(129,641)	(128,852)	(132,202)
All Other	(886,389)	(678,893)	(705,547)	(685,888)	(703,244)	(709,535)	(727,983)
Total Operating Expenses	(3,667,019)	(3,357,212)	(3,281,674)	(3,441,831)	(3,788,194)	(3,789,258)	(3,106,002)
Operating Income/EBIT	(112,612)	(29,260)	(22,527)	(133,119)	(182,340)	(204,427)	572,035

Cash Flow

EBIT	$ 572,035
Less: Income Taxes (cash taxes)	(224,238)
Plus: Depreciation and Amortization	132,202
Less: Capital Expenditures	(132,202)
Less: Working Capital Investment (Increase)/Decrease	7,456
Available Cash Flow	$ 355,254

Residual Calculation	
Residual Cash Flow	$ 355,254
Divided By: Cap Rate (r-g) [2]	8.8%
Equal: Residual Value	$ 4,019,576

Margin Analysis

EBITDAR	$ 352,200	$ 559,403	$ 654,987	$ 632,669	$ 701,113	$ 686,391	704,237
EBITDAR as a % of Revenue	9.9%	16.8%	20.1%	19.1%	19.4%	19.1%	19.1%
EBITDA	$ 49,210	$ 121,121	$ 130,470	$ 7,789	$ (52,699)	$ (75,575)	n/m
EBITDA as a % of Revenue	1.4%	3.6%	4.0%	0.2%	-1.5%	-2.1%	n/m
EBIT	$ (112,612)	$ (29,260)	$ (22,527)	$ (133,119)	$ (182,340)	$ (204,427)	n/m
EBIT as a % of Revenue	-3.2%	-0.9%	-0.7%	-4.0%	-5.1%	-5.7%	n/m

Notes:
[1] Normalized residual year assumptions are as follows: Revenue is assumed to grow at an inflationary rate of 2.6% based on the forecasted consumer price index. Operating expenses are assumed to be consistent (as a percent of revenue) with LTM March 31, 2001. Aircraft and other rent expenses were excluded and capitalized as a debt obligation. Capital expenditures and depreciation & amortization are assumed to offset.
[2] Residual calculation utilizes the Gordon Growth Model. The Cap Rate is calculated as the WACC of 11.4% minus the residual growth of 2.6%.

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Trans World Airlines, Inc. **Exhibit 5 - C**
Solvency Analysis Page 1 of 2
As of June 30, 2001
Income Approach: Capitalized Cash Flow Method
(U.S. dollars in thousands)
Summary

Present Value of Residual Available Cash Flow	3,907,684
Less: Working Capital Deficiency [1] [2]	(226,899)
Indicated Value of Total Invested Capital	3,680,785
Less: Interest-Bearing Debt [2]	(880,972)
Less: Capital Leases [2]	(117,810)
Less: Present Value of Operating Leases [3]	(4,031,428)
Indicated Equity Surplus / (Deficit)	**(1,349,425)**

Notes:

[1] TWA's working capital balance (including cash) was approximately negative $503 million as of 3/31/2001. Based on a review of TWA's historical levels and the Guideline Companies, the required normalized level of working capital was assumed to be -8.0% of annual revenue or approximately negative $278 million as of 6/30/2001. This results in a working capital deficiency of approximately $227 million.

[2] June 30, 2001 balance sheet is not available, data relies on March 31, 2001 balances.

[3] Refer to Exhibit 4 - C page 14.

Mesirow Financial CONSULTING

Trans World Airlines, Inc.
Solvency Analysis
As of June 30, 2001
Income Approach: Capitalized Cash Flow Method
(U.S. dollars in thousands)
Capitalized Cash Flow Model

	Historical Year Ended					*LTM*	
	12/31/1996	12/31/1997	12/31/1998	12/31/1999	12/31/2000	6/30/2001	Normalized Residual Year [1]
Total Revenue	$ 3,554,407	$ 3,327,952	$ 3,259,147	$ 3,308,712	$ 3,605,854	$ 3,456,676	$ 3,546,550
Revenue Growth		*-6.4%*	*-2.1%*	*1.5%*	*9.0%*		*2.6%*
Operating Expenses							
Salaries and Benefits	(1,254,341)	(1,228,315)	(1,226,420)	(1,270,645)	(1,336,592)	(1,317,783)	(1,352,046)
Aircraft Fuel and Oil	(585,163)	(480,853)	(344,603)	(396,517)	(612,158)	(602,042)	(617,696)
Maintenance Related	(208,183)	(138,353)	(129,663)	(142,461)	(120,580)	(116,148)	(119,168)
Sales Commissions	(268,131)	(242,135)	(197,927)	(180,532)	(132,167)	(124,602)	(127,842)
Aircraft Rent	(302,990)	(262,793)	(331,071)	(425,672)	(556,306)	(511,210)	n/a
Other Rent & Landing Fees	-	(175,489)	(193,446)	(199,208)	(197,506)	(218,730)	n/a
Depreciation and Amortization	(161,822)	(150,381)	(152,997)	(140,908)	(129,641)	(124,388)	(127,622)
All Other	(886,389)	(678,893)	(705,547)	(685,888)	(703,244)	(674,817)	(692,362)
Total Operating Expenses	(3,667,019)	(3,357,212)	(3,281,674)	(3,441,831)	(3,788,194)	(3,689,721)	(3,036,736)
Operating Income/EBIT	(112,612)	(29,260)	(22,527)	(133,119)	(182,340)	(233,045)	509,814

Cash Flow

EBIT	$ 509,814
Less: Income Taxes (cash taxes)	(199,847)
Plus: Depreciation and Amortization	127,622
Less: Capital Expenditures	(127,622)
Less: Working Capital Investment (Increase)/Decrease	7,190
Available Cash Flow	$ 317,157

Residual Calculation	
Residual Cash Flow	$ 317,157
Divided By: Cap Rate (r-g) [2]	8.1%
Equal: Residual Value	$ 3,907,684

Margin Analysis							
EBITDAR	$352,200	$559,403	$654,987	$632,669	$701,113	$621,283	$637,436
EBITDAR as a % of Revenue	9.9%	16.8%	20.1%	19.1%	19.4%	18.0%	18.0%
EBITDA	$49,210	$121,121	$130,470	$7,789	($52,699)	($108,657)	n/m
EBITDA as a % of Revenue	1.4%	3.6%	4.0%	0.2%	-1.5%	-3.1%	n/m
EBIT	($112,612)	($29,260)	($22,527)	($133,119)	($182,340)	($233,045)	n/m
EBIT as a % of Revenue	-3.2%	-0.9%	-0.7%	-4.0%	-5.1%	-6.7%	n/m

Notes:
[1] Normalized residual year assumptions are as follows: Revenue is assumed to grow at an inflationary rate of 2.6% based on the forecasted consumer price index. Operating expenses are assumed to be consistent (as a percent of revenue) with LTM June 30, 2001. Aircraft and other rent expenses were excluded and capitalized as a debt obligation. Capital expenditures and depreciation & amortization are assumed to offset.
[2] Residual calculation utilizes the Gordon Growth Model. The Cap Rate is calculated as the WACC of 10.7% minus the residual growth of 2.6%.

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EXHIBIT 6

Trans World Airlines, Inc.
Solvency Analysis
Weighted Average Cost of Capital ("WACC")
As of December 31, 2000
(U.S. dollars in thousands, except stock prices)

Assumptions:

Risk-free Rate (r_f)	5.59% [1]
Pretax Required Rate on Debt Capital (i)	12.39% [2]
Equity Risk Premium (r_p)	7.80% [3]
Size Premium (s_p)	2.60% [4]
Other Adjustment (Alpha)	10.00% [5]
Marginal Total Corporate Tax Rate - U.S. (t)	39.30% [6]

Guideline Company Analysis

Company Name	Beta Levered [7]	Debt & Preferred Stock [8]	Stock Price	x	Common Shares Outstanding	=	Market Value of Equity	Total Capitalization	Debt/ Equity	Debt/ Capital	Tax Rate	Beta Unlevered
AirTran Holdings, LLC	0.85	$ 663,220	$ 7.25		65,823		$ 477,217	$ 1,140,437	139.0%	58.2%	39.3%	0.46
Alaska Air Group Inc.	0.88	2,117,468	29.75		26,457		787,108	2,904,575	269.0%	72.9%	39.3%	0.33
America West Holdings Corporation	0.93	2,854,478	12.81		33,599		430,485	3,284,962	663.1%	86.9%	39.3%	0.18
AMR Corporation	0.99	15,097,195	39.19		152,063		5,958,951	21,056,146	253.4%	71.7%	39.3%	0.39
AmTran, Inc.	0.49	1,108,640	14.50		11,386		165,094	1,273,734	671.5%	87.0%	39.3%	0.10
Continental Airlines, Inc.	0.86	10,925,649	51.63		58,450		3,017,500	13,943,149	362.1%	78.4%	39.3%	0.27
Delta Air Lines, Inc.	0.80	15,679,518	50.19		123,013		6,173,734	21,853,251	254.0%	71.7%	39.3%	0.31
Southwest Airlines Co.	0.87	3,195,910	33.53		504,162		16,904,552	20,100,461	18.9%	15.9%	39.3%	0.78
Northwest Airlines Corporation	0.85	9,859,436	30.13		83,094		2,503,212	12,362,647	393.9%	79.8%	39.3%	0.25
UAL Corporation	0.90	20,070,701	38.94		52,539		2,045,725	22,116,426	981.1%	90.8%	39.3%	0.13
US Airways Group, Inc.	0.92	9,213,544	40.56		67,006		2,717,931	11,931,475	339.0%	77.2%	39.3%	0.30
Median	0.87									77.2%		0.30

Concluded Unlevered Beta	0.30
Concluded Debt/Capital	75.0%
Indicated Debt-to-Equity ratio	300.0%

Relevered Beta Analysis

Beta Unlevered	0.30
Indicated Debt-to-Equity Ratio	300.00%
Marginal Total Corporate Tax Rate (t)	39.30%
Beta Relevered ($Beta_l$)	**0.85**

Required Rate of Return on Equity

Modified Capital Asset Pricing Model ("MCAPM")

Required Rate of Return on Equity = r_f + (Beta, x r_p) + s_p + Alpha

Required Rate of Return on Equity = 5.59% + (0.85 x 7.8%) + 2.6% + 10% = 24.84%

Required Rate of Return on Equity **24.8%**

Required Rate of Return on Debt

Required Rate of Return on Debt = i x (1 - t)

Required Rate of Return on Debt = 12.39% x (1 - 39.3%) = 7.52%

Required Rate of Return on Debt **7.5%**

Weighted Average Cost of Capital

	Required Rates of Return		Capital Structure		Weighting
Required Rate of Return on Debt	7.5%	x	75.0%	=	5.6%
Required Rate of Return on Equity	24.8%	x	25.0%	=	6.2%
Weighted-Average Cost of Capital					11.9%

WACC Conclusion [9] **11.9%**

Notes:

[1] U.S. 20-year Treasury note (source: Federal Reserve Statistical Release H-15)

[2] Standard & Poor's B 10 year corporate Industry Bond Yield (source: Bloomberg)

[3] Long-horizon equity risk permium per Ibbotson SBBI 2001 Yearbook

[4] Size Premium per Ibbotson SBBI 2001 Yearbook (micro-capitalization S&P).

[5] A risk adjustment was made to the cost of equity to reflect additional company-specific risk characteristics of TWA (distressed financial condition, unfavorable leases, unattractive network structure, inability to hedge fuel prices, etc.). After applying this adjustment, it was noted that the resulting estimated equity return of 24.8% was significantly lower than the yield on TWA's unsecured debt (which is senior to equity) which ranged from 34% to 42% during the third quarter of 2000.

[6] Weighted average blended U.S. tax rate 2000.

[7] Source: Barra

[8] Includes short and long-term funded debt, preferred stock, capital leases and the PV of operating leases.

[9] WACC conclusion is also corroborated by the range (10.5% [Large Composite] to 14.5% [Small Composite]) for SIC code 4512 as published by Ibbotson Associates Cost of Capital 2001.

Mesirow Financial

Trans World Airlines, Inc.
Solvency Analysis
Weighted Average Cost of Capital ("WACC")
As of March 31, 2001
(U.S. dollars in thousands, except stock prices)

Assumptions:	
Risk-free Rate (r_f)	5.60% [1]
Pretax Required Rate on Debt Capital (i)	12.97% [2]
Equity Risk Premium (r_p)	7.80% [3]
Size Premium (s_p)	2.60% [4]
Other Adjustment (Alpha)	10.00% [5]
Marginal Total Corporate Tax Rate - U.S. (t)	39.20% [6]

Guideline Company Analysis

Company Name	Beta Levered [7]	Debt & Preferred Stock [8]	Stock Price	x Common Shares Outstanding	= Market Value of Equity	Total Capitalization	Debt/ Equity	Debt/ Capital	Tax Rate	Beta Unlevered
AirTran Holdings, LLC	1.02	$ 611,265	$ 7.84	66,591	$ 522,073	$ 1,133,339	117.1%	53.9%	39.2%	0.60
Alaska Air Group Inc.	0.84	2,086,641	25.70	26,478	680,490	2,767,131	306.6%	75.4%	39.2%	0.29
America West Holdings Corporation	0.79	2,779,015	9.60	33,643	322,972	3,101,987	860.5%	89.6%	39.2%	0.13
AMR Corporation	1.03	15,397,178	35.12	153,694	5,397,722	20,794,900	285.3%	74.0%	39.2%	0.38
AmTran, Inc.	0.53	1,144,242	9.63	11,384	109,568	1,253,811	1044.3%	91.3%	39.2%	0.07
Continental Airlines, Inc.	0.89	11,238,978	41.40	53,625	2,220,069	13,459,046	506.2%	83.5%	39.2%	0.22
Delta Air Lines, Inc.	0.87	15,763,765	39.50	123,038	4,859,999	20,623,764	324.4%	76.4%	39.2%	0.29
Southwest Airlines Co.	0.97	3,192,705	17.75	760,700	13,502,425	16,695,130	23.6%	19.1%	39.2%	0.85
Northwest Airlines Corporation	0.77	10,978,779	22.63	85,156	1,926,662	12,905,441	569.8%	85.1%	39.2%	0.17
UAL Corporation	0.96	20,186,131	33.05	53,118	1,755,562	21,941,693	1149.8%	92.0%	39.2%	0.12
US Airways Group, Inc.	0.95	9,390,524	35.45	67,096	2,378,553	11,769,077	394.8%	79.8%	39.2%	0.28
Median	0.89							79.8%		0.28

Concluded Unlevered Beta	0.28
Concluded Debt/Capital	80.0%
Indicated Debt-to-Equity ratio	400.0%

Relevered Beta Analysis

Beta Unlevered	0.28
Indicated Debt-to-Equity Ratio	400.00%
Marginal Total Corporate Tax Rate (t)	39.20%
Beta Relevered ($Beta_l$)	**0.95**

Required Rate of Return on Equity

Modified Capital Asset Pricing Model ("MCAPM")
Required Rate of Return on Equity = $r_f + (Beta_l \times r_p) + s_p$ + Alpha
Required Rate of Return on Equity = 5.6% + (0.95 x 7.8%) + 2.6% + 10% = 25.65%

Required Rate of Return on Equity **25.6%**

Required Rate of Return on Debt

Required Rate of Return on Debt = i x (1 - t)
Required Rate of Return on Debt = 12.97% x (1 - 39.2%) = 7.89%

Required Rate of Return on Debt **7.9%**

Weighted Average Cost of Capital

	Required Rates of Return		Capital Structure		Weighting
Required Rate of Return on Debt	7.9%	x	80.0%	=	6.3%
Required Rate of Return on Equity	25.6%	x	20.0%	=	5.1%
Weighted-Average Cost of Capital					11.4%

WACC Conclusion [9] **11.4%**

Notes:

[1] U.S. 20-year Treasury note (source: Federal Reserve Statistical Release H-15)

[2] Standard & Poor's B 10 year corporate Industry Bond Yield (source: Bloomberg)

[3] Long-horizon equity risk permium per Ibbotson SBBI 2001 Yearbook

[4] Size Premium per Ibbotson SBBI 2001 Yearbook (micro-capitalization S&P).

[5] A risk adjustment was made to the cost of equity to reflect additional company-specific risk characteristics of TWA (distressed financial condition, unfavorable leases, unattractive network structure, inability to hedge fuel prices, etc.). After applying this adjustment, it was noted that the resulting estimated equity return of 25.6% was significantly lower than the yield on TWA's unsecured debt (which is senior to equity) which ranged from 34% to 42% during the third quarter of 2000.

[6] Weighted average blended U.S. tax rate 2001.

[7] Source: Barra

[8] Includes short and long-term funded debt, preferred stock, capital leases and the PV of operating leases.

[9] WACC conclusion is also corroborated by the range (10.5% [Large Composite] to 14.5% [Small Composite]) for SIC code 4512 as published by Ibbotson Associates Cost of Capital 2001.

Mesirow Financial

Trans World Airlines, Inc.
Solvency Analysis
Weighted Average Cost of Capital ("WACC")
As of June 30, 2001
(U.S. dollars in thousands, except stock prices)

Assumptions:	
Risk-free Rate (r_f)	5.91% [1]
Pretax Required Rate on Debt Capital (i)	11.68% [2]
Equity Risk Premium (r_p)	7.80% [3]
Size Premium (s_p)	2.60% [4]
Other Adjustment (Alpha)	10.00% [5]
Marginal Total Corporate Tax Rate - U.S. (t)	39.20% [6]

Guideline Company Analysis

Company Name	Beta Levered [7]	Debt & Preferred Stock [8]	Stock Price	x	Common Shares Outstanding	=	Market Value of Equity	Total Capitalization	Debt/ Equity	Debt/ Capital	Tax Rate	Beta Unlevered
AirTran Holdings, LLC	1.12	$ 575,129	$ 10.25		66,676		$ 683,429	$ 1,258,558	84.2%	45.7%	39.2%	0.74
Alaska Air Group Inc.	0.74	2,138,171	28.90		26,492		765,608	2,903,779	279.3%	73.6%	39.2%	0.27
America West Holdings Corporation	0.86	2,912,277	9.97		33,642		335,409	3,247,686	868.3%	89.7%	39.2%	0.14
AMR Corporation	0.92	16,921,721	36.13		154,408		5,578,755	22,500,475	303.3%	75.2%	39.2%	0.32
AmTran, Inc.	0.76	1,182,830	21.89		11,471		251,105	1,433,934	471.1%	82.5%	39.2%	0.20
Continental Airlines, Inc.	0.89	11,438,962	49.25		54,683		2,693,155	14,132,117	424.7%	80.9%	39.2%	0.25
Delta Air Lines, Inc.	0.86	16,485,483	44.08		123,069		5,424,879	21,910,361	303.9%	75.2%	39.2%	0.30
Southwest Airlines Co.	0.95	3,204,265	18.49		762,700		14,102,323	17,306,588	22.7%	18.5%	39.2%	0.84
Northwest Airlines Corporation	0.77	10,224,318	25.25		85,224		2,151,913	12,376,231	475.1%	82.6%	39.2%	0.20
UAL Corporation	0.95	20,124,175	35.15		54,009		1,898,432	22,022,608	1060.0%	91.4%	39.2%	0.13
US Airways Group, Inc.	0.96	9,666,829	24.30		67,070		1,629,801	11,296,630	593.1%	85.6%	39.2%	0.21
Median	0.89									80.9%		0.25

Concluded Unlevered Beta	0.25
Concluded Debt/Capital	80.0%
Indicated Debt-to-Equity ratio	400.0%

Relevered Beta Analysis

Beta Unlevered	0.25
Indicated Debt-to-Equity Ratio	400.00%
Marginal Total Corporate Tax Rate (t)	39.20%
Beta Relevered ($Beta_l$)	**0.85**

Required Rate of Return on Equity

Modified Capital Asset Pricing Model ("MCAPM")

Required Rate of Return on Equity = r_f + (Beta$_l$ x r_p) + s_p + Alpha

Required Rate of Return on Equity = 5.91% + (0.85 x 7.8%) + 2.6% + 10% = 25.18%

Required Rate of Return on Equity **25.2%**

Required Rate of Return on Debt

Required Rate of Return on Debt = i x (1 - t)

Required Rate of Return on Debt = 11.68% x (1 - 39.2%) = 7.1%

Required Rate of Return on Debt **7.1%**

Weighted Average Cost of Capital

	Required Rates of Return		Capital Structure		Weighting
Required Rate of Return on Debt	7.1%	x	80.0%	=	5.7%
Required Rate of Return on Equity	25.2%	x	20.0%	=	5.0%
Weighted-Average Cost of Capital					10.7%

WACC Conclusion [9] **10.7%**

Notes:

[1] U.S. 20-year Treasury note (source: Federal Reserve Statistical Release H-15)

[2] Standard & Poor's B 10 year corporate Industry Bond Yield (source: Bloomberg)

[3] Long-horizon equity risk permium per Ibbotson SBBI 2001 Yearbook

[4] Size Premium per Ibbotson SBBI 2001 Yearbook (micro-capitalization S&P).

[5] A risk adjustment was made to the cost of equity to reflect additional company-specific risk characteristics of TWA (distressed financial condition, unfavorable leases, unattractive network structure, inability to hedge fuel prices, etc.). After applying this adjustment, it was noted that the resulting estimated equity return of 25.2% was significantly lower than the yield on TWA's unsecured debt (which is senior to equity) which ranged from 34% to 42% during the third quarter of 2000.

[6] Weighted average blended U.S. tax rate 2001.

[7] Source: Barra

[8] Includes short and long-term funded debt, preferred stock, capital leases and the PV of operating leases.

[9] WACC conclusion is also corroborated by the range (11.1% [Large Composite] to 13.9% [Small Composite]) for SIC code 4512 as published by Ibbotson Associates Cost of Capital 2001.

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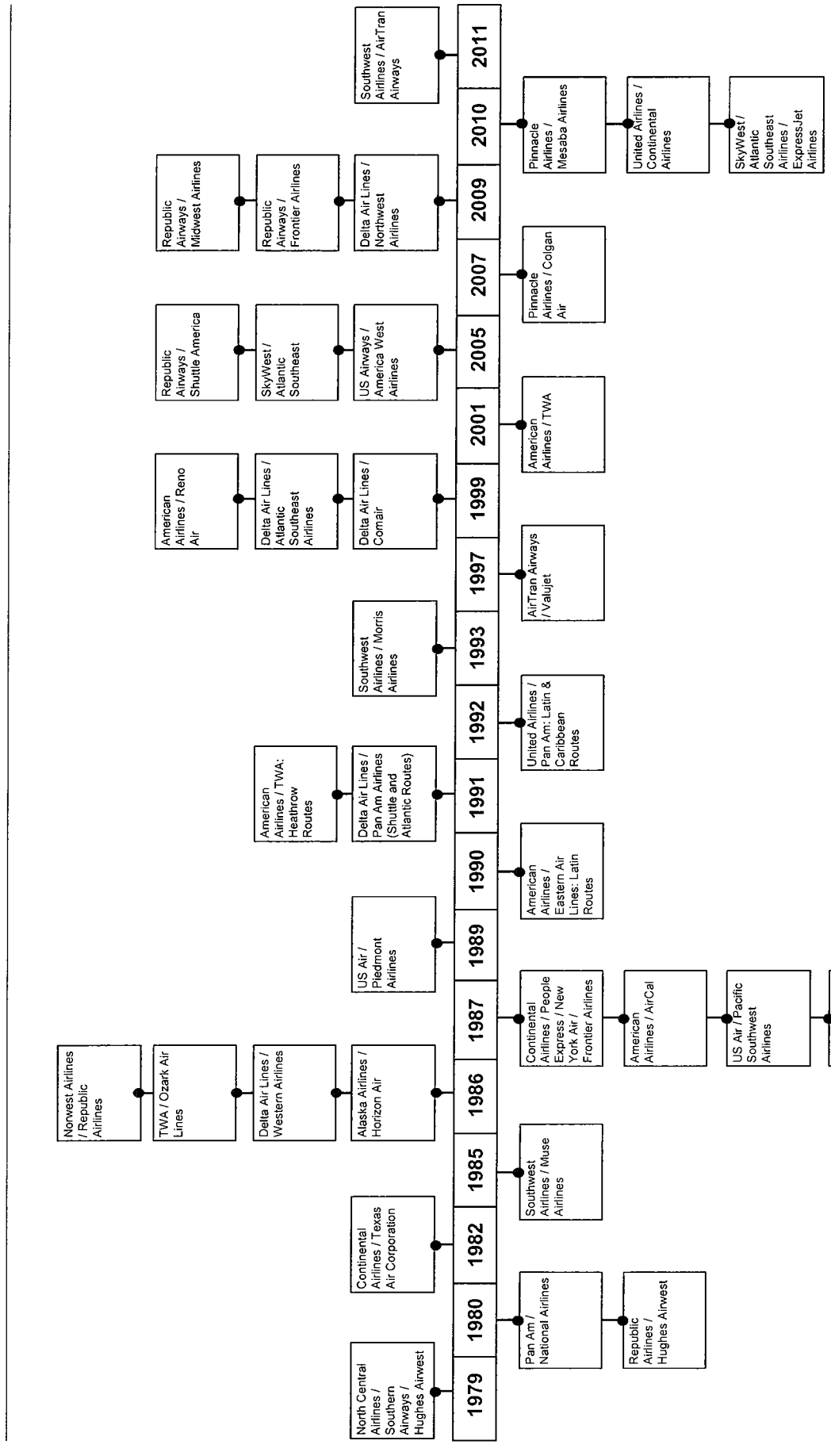
EXHIBIT 7

AirTran Holdings, LLC	All of the operations of AirTran Holdings, Inc. were conducted by its wholly owned subsidiary, AirTran Airways, Inc., which was the second- largest affordable- fare scheduled airline in the United States in terms of departures. They offered scheduled airline service serving short- haul markets, primarily from their hub in Atlanta, Georgia. As of December 31, 2000, they operated 55 aircraft making approximately 314 flights per day serving 34 cities throughout the eastern United States.
Alaska Air Group Inc.	Alaska Air Group, Inc. was a holding company that incorporated in Delaware in 1985. Its two principal subsidiaries were Alaska Airlines, Inc. and Horizon Air Industries, Inc. Alaska was a major airline, operating an all- jet fleet, with its average passenger trip length of 886 miles. Horizon was a regional airline, operating jet and turboprop aircraft, and its average passenger trip was 283 miles.
America West Holdings Corporation	America West Holdings Corporation was the parent company of America West Airlines ("AWA") and The Leisure Company ("TLC"). AWA was the ninth largest commercial airline carrier in the United States, operating through its principal hubs located in Phoenix and Las Vegas, and a mini- hub located in Columbus, Ohio. AWA had the lowest cost structure of all major full- service domestic airlines in the United States. At December 31, 2000, AWA served 63 destinations, including seven destinations in Mexico and two in Canada, with a fleet of 138 aircraft and offered service to an additional 44 destinations through alliance arrangements with other airlines. TLC arranges and sells leisure travel products that may include airfare, hotel accommodations, ground transportation, and a variety of other travel options.
AMR Corporation	AMR's principal subsidiary, American Airlines, Inc., was one of the largest scheduled passenger airlines in the world. At the end of 2000, American provided scheduled jet service to more than 169 destinations throughout North America, the Caribbean, Latin America, Europe and the Pacific. American was also one of the largest scheduled air freight carriers in the world, providing a full range of freight and mail services to shippers throughout its system.
AmTran, Inc.	Amtran, Inc. owned American Trans Air, Inc., the 11th largest passenger airline in the United States (based on 2000 capacity and traffic) and a provider of airline-related services in selected markets. ATA was the largest commercial charter airline in the United States and the largest provider of passenger airline services to the U.S. military, in each case based on 2000 revenue.
Continental Airlines, Inc.	Continental Airlines, Inc. was a major United States air carrier engaged in the business of transporting passengers, cargo and mail. Continental was the fifth largest United States airline (as measured by 2000 revenue passenger miles) and, together with its wholly owned subsidiaries, Continental Express, Inc. and Continental Micronesia, Inc., served 230 airports worldwide at January 19, 2001. As of January 19, 2001, Continental flew to 136 domestic and 94 international destinations and offered additional connecting service through alliances with domestic and foreign carriers.
Delta Air Lines, Inc.	Delta Air Lines, Inc. was a major air carrier that provided scheduled air transportation for passengers and freight throughout the United States and around the world. As of February 1, 2001, Delta served 201 domestic cities in 45 states, the District of Columbia, Puerto Rico and the United States Virgin Islands, as well as 50 cities in 32 countries in Europe, Latin America, Asia, the Caribbean and Canada.
Southwest Airlines Co.	Southwest Airlines Co. was a major domestic airline that provides primarily short haul, high- frequency, point- to- point, low- fare service. At year end 2000, Southwest operated 344 Boeing 737 aircraft and provided service to 58 airports in 57 cities in 29 states throughout the United States. Based on data for second quarter 2000 (the latest available data), Southwest Airlines was the 4th largest carrier in the United States based on domestic passengers boarded and the largest based on scheduled domestic departures.
Northwest Airlines Corporation	Northwest operated the world's fourth largest airline, as measured by 1999 revenue passenger miles, and was engaged in the business of transporting passengers and cargo. Northwest operated substantial domestic and international route networks and directly served more than 155 cities in 24 countries in North America, Asia and Europe.
UAL Corporation	UAL Corporation was a holding company and its principal subsidiary was United Air Lines, Inc. United was the world' s largest airline as measured by revenue passenger miles flown, providing passenger service in 28 countries.
US Airways Group, Inc.	US Airways was a certificated air carrier engaged primarily in the business of transporting passengers, property and mail. In 2000, US Airways accounted for approximately 88% of the Company's operating revenues on a consolidated basis. US Airways enplaned almost 61 million passengers in 2000 and was the sixth largest domestic air carrier (as ranked by revenue passenger miles).

Source: Guideline Company December 31, 2000 Form 10-K

EXHIBIT 8

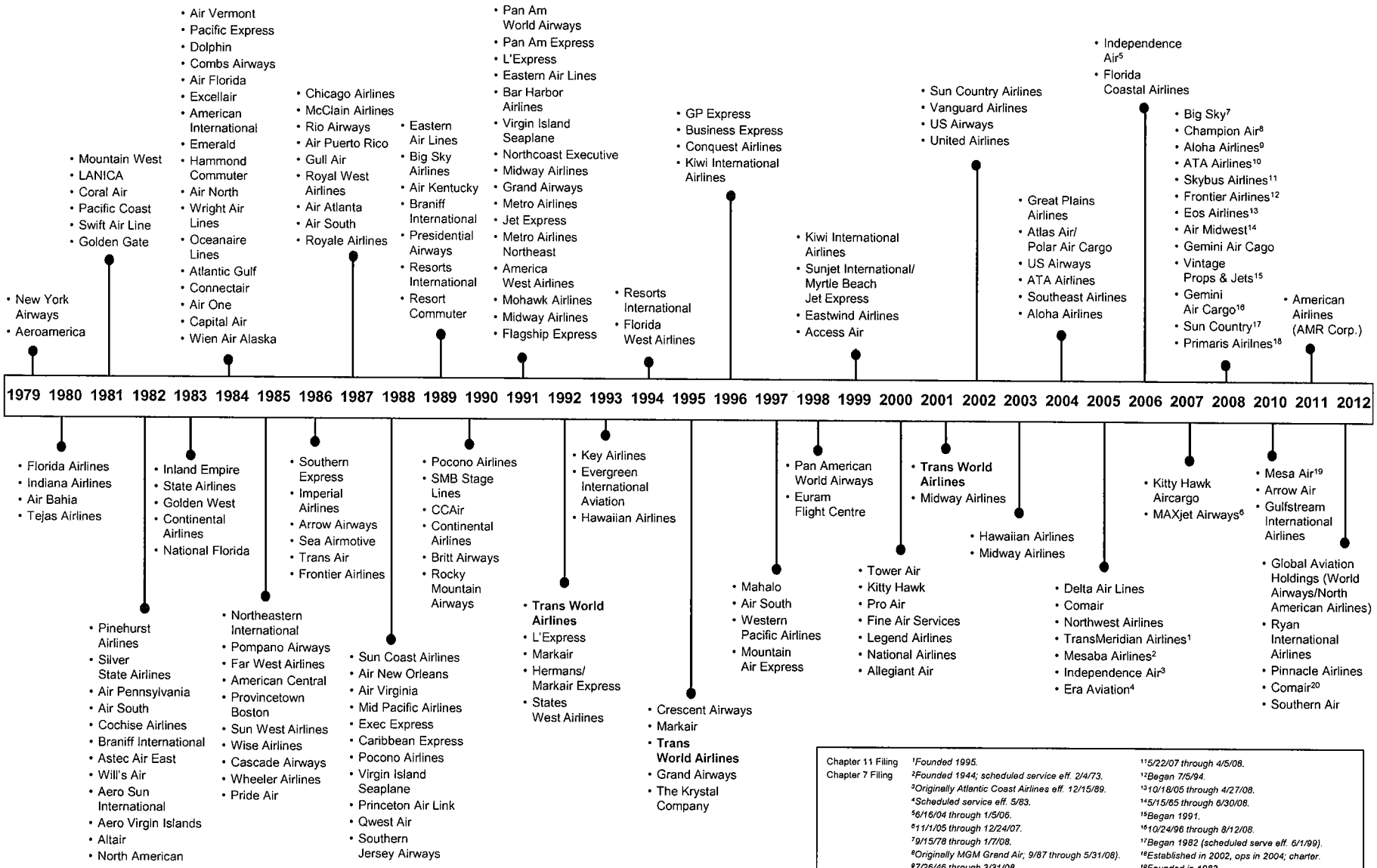
Airline Mergers and Acquisitions from 1979 – Present



Source: Airlines for America (A4A).

EXHIBIT 9

Airline Bankruptcy Filings from 1979 – Present



Source: Airlines for America (A4A).